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27 November 1984

Latin America Report



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LATIN AMERICA REPORT

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LABOR MINISTER CASELLA UNDERSCORES SOCIOECONOMIC PACT

Buenos Aires SOMOS in Spanish 19 Oct 84 pp 20-22

[Interview with Labor Minister Juan Manuel Casella by Esteban Peicovich, in Spain; date not specified]

[Text] Juan Manuel Casella: a labor minister who left Congress to engage in directing the most irritating area of the government and who, within a few days, will leave the ministry to return to the political arena. He was in Spain, holding dialog with his colleague, Joaquin Almunia (he signed a program for socio-labor cooperation), visiting the Cortes and meeting with business and trade union leaders. "If all of Alfonsin's ministers are of this quality, you will emerge from the labyrinth before we do," remarked a Spanish journalist after having talked with Casella, and being impressed by the clarity of his views. Almost with a foot in the airplane that was to take him to Italy, the minister agreed to talk with SOMOS. To do so, he chose to go to the correspondent's office and respond to a gamut of questions ranging from the social problems confronting Argentina to its political future, and including human rights, the economic crisis and the party's internal affairs.

SOMOS: Minister, how did you explain the current Argentine situation to the Spaniards?

Casella: It is difficult for them to understand the kind of trade union organization that Argentina has, and also the way in which the political parties operate. In other words: whether the Radical Party is on the right, in the center or on the left. So, I emphasized to them that one cannot try to make comparisons between Peronism and fascism, or between Radicalism and social democracy; and the same in the trade union area. I told them that they should not consider an Argentina with one social democratic confederation, another democratic one and still another communist one. That does not exist, because we do not have a classist trade unionism. Therefore, we must preclude the possibility of a communist confederation. We are advocating a system with ideological pluralism, so that different persuasions can express themselves in the trade unions' singleness. Today in our country, the the dynamics of the unions' electoral process is occurring, and there is nothing that can stop it.

SOMOS: And so, what will the trade unionism of the future be like?

Casella: In the middle of next year it may have many names, just like those of the present, but from the standpoint of its formation, it will be quite different. A depoliticization of the Ministry of Labor has been necessary. There was in Argentina a trade unionism that was irregular in its types of organization, always in complicity with the Labor Ministry. If there were electoral frauds or electoral abnormalities, it was because the officials looked the other way, or were directly implicated in the trade unions' internal affairs...

Look, I'll say it directly: to make this operate properly the ministry must be depoliticized, turning it into a technical agency for implementing the law; and the electoral justice system will have to exercise the electoral control.

SOMOS: Let's move on to the economic problem now. As a headline in our magazine read, what would you do with the puzzle of the debt?

Casella: And we already know: the foreign debt imposes conditions on our political reality. I think that there was a deliberate purpose in contracting the debt. I'm not saying that it was a purpose "desired" by Martinez de Hoz, but I believe that those who lent us money rather happily were seeking to create a certain amount of conditioning of the country's future. Now, how do we emerge from this conditioning? Internally, there is only one way, namely, reaching agreement; in other words, a social agreement that will lead us toward economic growth. It is a national decision to avoid confrontation and to foster reaching agreement. I don't think that there is another option. I believe that the Argentine society is absolutely convinced that there can be no solution if there is a confrontation between the social and productive classes. When we put forth the goal of reaching agreement, we begin a zig-zag course, but the essential goal is a program for redistribution of income that will be predictable and will put the country's economy in order. I sincerely have a great deal of faith in it.

SOMOS: Yes, but in the meantime, how will you appease the unions and the International Monetary Fund?

Casella: We must make a policy based on joint analysis that will enable us to convey the ideas and the necessary information so that each sector will know what is involved. When we committed ourselves to the CGT [General Confederation of Labor], for a policy of participation in the economic decisions, we invited them to observe the economic reality, how we would approach the goals and how long we needed to fulfill them. They will have to report what they observe and what is actually taking place to the rank and file. This is the only way.

SOMOS: Do you believe that the unions are opposed to Alfonsin?

Casella: The workers, who are the human substratum of the unions, are not opposed to Alfonsin. They are by no means opposed to Alfonsin; nor are

the labor leaders (the majority of them), either. In my constant talks with trade unionists, I have received an impression of political respect for the president. Of course, there is a minority sector of labor leaders (including a Peronist political leader) opposed to Alfonsin, inasmuch as he is reflecting an authoritarian and non-democratic version of Peronism. Generally speaking, 80 percent of the labor leaders and 95 percent of Argentine workers appreciate and respect Alfonsin.

SOMOS: Do you have the same impression of the Peronist governors?

Casella: I would say better; the respect is even greater.

SOMOS: Anyone in particular?

Casella: Governor Menem.

SOMOS: Since we are talking about the president, does Alfonsin have a party?

Casella: Theoretically, he has one; but that party is not actually performing its function, despite the efforts of the people who comprise it. One cannot ring the bells and be at Mass. I am not criticizing those who are currently discharging party functions; but one must recognize a de facto impossibility. Hence, I think that a redistribution of errors should be made, saying: "Gentlemen, one group of Radicals remains in the government and another returns to the party." Personally, for career reasons, I would like to return to the party.

SOMOS: Lately there have been confrontations and dissociations within the Radical Party. Is this a clash between conservatives and progressives within your party?

Casella: I think that there are, basically two proposals: One that we might term the "large, open party," and another which is that of a "party of cadres." The former tends to incorporate the low-level sectors, thereby expanding its social essence, because these sectors have usually voted for Peronism. The "party of cadres" is not the one with 52 percent, but rather one with 25 percent of the vote. I think that an open party is necessary to consolidate democracy. The other proposal may become more homogeneous ideologically, but with less social extension.

SOMOS: Within this context, what will happen to Authentic Balbinism?

Casella: It will tend to disappear; it is untimely; it will go to the museum. This is said with all the admiration in the world for men like Pugliese and Troccoli, who still have personal effectiveness but not ideological effectiveness. It is the old party which has completed its historical era.

If the members join the great party, they will continue to be useful. Otherwise, they will become exhausted along with this internal movement which, I insist, is one of the past in my view.

SOMOS: Could there be a more or less immediate internal conflict?

Casella: I think not. Next year, there will be national elections, and we must expend a maximum effort to avoid that conflict; because in the next elections we must lend Alfonsin serious electoral backing.

SOMOS: Continuing with the party, there is one Casella who is concluding, and another who is beginning again...

Casella: I think that there is a permanent Casella. I am actually a politician, not a specialist in labor; so I want to return to the party.

SOMOS: Do you see yourself as a senator, or as a candidate for governor of Buenos Aires Province?

Casella: I don't see myself as a senator, because I think that I have ended my congressional phase. I shall not accept posts either in 1985 or in 1986, and I cannot tell what 1987 will offer me.

SOMOS: Before ending, I would like to ask you a question about the human rights issue. What do you think of the theft of documentation in Rosario, and about the transfer of Videla and Massera to a common jail?

Casella: The theft in Rosario (and other incidents) have put the society on edge and are intended to point out that past eras have not been terminated. We are at a time of transition, and hence I daresay we are not yet consolidated. As for Videla and Massera, I would tell you that democracy implies equality before the law, and the non-existence of personal privileges. Therefore, if it is the federal justice system that has judged these members of the military, they are confined in a common prison.

SOMOS: Tell me about yourself.

Casella: I am a neighborhood lawyer; my clients are my neighbors. I am a very happy, very fortunate fellow. I had a great, unforgettable father. I have a wonderful mother, and a special wife who has given me three sensational children. What more could I ask of life?

2909

CSO: 3348/60

ARGENTINA

FINANCE SECRETARY ANNOUNCES SHARP TAX INCREASE

Buenos Aires CLARIN in Spanish 16 Oct 84 p 20

[Text] Finance Secretary Norberto Bertaina has made a major announcement about plans for a sharp increase in the capital gains tax in the 1985 budget. He was speaking at the 17th Public Finances Seminar that the Economic Sciences Department of the National University organized in his native province, Cordoba.

Whereas the capital gains tax was equivalent to 2.3 percent of the gross domestic product (GDP) in 1966, it had dropped to 1.5 percent by 1980, falling further to 0.97 percent in 1983 and 0.79 percent in 1984. The plan is to boost it by 2 full percentage points to 2.79 percent of the GDP in 1985. The GDP this year totals about \$70 billion, which means that a 2 point increase represents an additional \$1.5 billion from this dwindling direct tax.

Direct Taxes

With regard to taxes on assets and capital, Bertaina also specified that they would be levied on individuals not companies, except for state-run enterprises. The purpose of this is to make these taxes more direct. He explained that the public sector must continue to pay taxes because this promotes a better distribution of income in the country.

In another vein, he stated that the central government would continue to discuss revenue sharing with the provinces, including a share in the proceeds from the fuels tax.

He then outlined the problems that the Treasury has had because of the banking sector's recent strong measure on late payment for services, noting that in spite of these distortions there has been progress towards greater federalization in resource distribution.

Promotion

Bertaina acknowledged that promotional policies, including industrial promotion, have not been coordinated well, and thus new schemes are

under study. He also announced that the secretariat is working with committees of the National Congress on a possible tax reform, which will be neither drastic nor makeshift. He also felt that tariff protection ought to continue and, in response to a question, acknowledged that a tax might be levied in the future on undeveloped land.

Evasion

There were other speakers at the seminar, including the former director of the nation's tax policy, Carlos Tachi, who underscored two major goals that the government must pursue: urgent cuts in excessive spending and a hard-nosed battle against evasion. With regard to future tax reform, he leaned towards much-needed but gradual changes and questioned whether the capital gains tax goal outlined by Bertaina could be achieved.

Tax Reform

Humberto Petrei agreed on the advisability of reforming the tax system, but not drastically, as he proposed one reform for the short term and another for the longer haul. He underscored that the current system penalizes small capital and voiced support for a tax on undeveloped land. He stressed that there must be enhanced revenue-sharing between the central government and the provinces and greater consistency and coordination between national and provincial taxes, with greater taxing authority for the municipalities. Petrei said he was in favor of granting taxing power to the neighborhood commissions.

Among the other technical measures that he proposed or backed are: integrating the VAT [value added tax], which is national, with taxes on gross income, which are provincial or municipal; monitoring capital that leaves the country and higher taxes on so-called conspicuous consumption.

8743

CSO: 3348/84

ARGENTINA

LEFTISTS, RADICALS ATTEMPT TO INFLUENCE LABOR ELECTIONS

Buenos Aires LA NACION in Spanish 26 Oct 84 p 18

[Text] There has been virtually no change in ideology. As the normalization moves forward in the trade unions, Peronist leaders continue to firmly consolidate their hold. Practically no one is in a position to say that the strongly political hue of the General Labor Confederation's (CGT) ranks over the past 40 years will be muted in the future.

Invocations of Juan Domingo Peron still resound loudly from the mouths of trade union leaders. The headquarters of almost all unions are virtually wallpapered with pictures of the former dictator and charismatic caudillo and his two wives.

Jose Rodriguez, the leader of SMATA [Trade Union of Mechanics and Related Automotive Transportation Workers], made the following remark recently after he had regained the top spot in his powerful union in the wake of controversial elections because of how close the rival Peronist list came: "We are going to demand the reorganization of our movement's political-union branch just as General Peron conceived it," he said, amid ovations, from a window on the first floor of the union building.

During a period that began under the military regime and that will conclude next year, practically the entire labor movement has elected new authorities or extended the mandates of incumbents. What we can expect, at the most, are minor changes but not a renunciation of the political clout to which Peron accustomed the trade unions from the very beginning.

A Specific Political Destiny

Current estimates are that around 2,250,000 workers belong to unions. Not all of the more than 1,000 unions in Argentina are linked with the labor federation, however. Some have maintained their independence. One of the best known examples is the Confederation of Education Workers of the Argentine Republic (CTERA), which has historically been run by Radicals, Socialists and independents.

The entire CGT movement has a specific political destiny. Under both civilian and military governments the attempts to crack the walls of the Peronist union fortress were in vain.

At various times governments from all across the Argentine political spectrum have unsuccessfully courted union favor for their own self-interest. In 1962, the immediate cause of the overthrow of Dr Arturo Frondizi's constitutional government was the failure to reach an agreement to prevent Peronist textile union leader Andres Framini from winning the elections that year in Buenos Aires Province.

Furthermore, Rodriguez's winning back of the SMATA secretary general's post can be linked to the various behind-the-scenes moves that are currently going on the CGT. The feeling is that the victory of the mechanics union leader has directly strengthened the group known as the Commission of the 25, one of the four that by agreement of the leaders control the current CGT.

The other three groups are:

--The 62 Organizations, led by Lorenzo Miguel

--The Management and Labor Commission, headed by Alberto Jorge Triaca from the plastics workers union

--The independents, led by Ramon Baldassini from the telephone and postal workers union

Union circles usually place Ubaldini close to Lorenzo Miguel, the head of the Metalworkers Union (UOM), vice president of the Justicialist Party and leader of the 62 Organizations. Miguel's faction is linked to the movement that some call the "traditional union leadership." Ubaldini is regarded as a potential renovator of this movement.

The Commission of the 25 was characterized by its hardline opposition to the policies of the previous military regime. In addition to Rodriguez, this sector was led, among others, by Ricardo Perez (truck drivers), Roberto Digon (tobacco) and Roberto Garcia (taxicab drivers).

The Management and Labor Commission and the independents (formerly the CGT-Azopardo) toned down the Commission of the 25's hardline stand towards the military.

Other leaders, in contrast, operate outside the CGT. These are the ones in the Commission of the 20, led by Jorge Lujan from the Glassworkers Union (which was taken over the day before yesterday by the labor courts) and the Radical Luis Etchezar from The Brotherhood, the trade union of locomotive engineers and one of the few that maintained its political independence even during Peron's iron-fisted first term.

Struggles for Control

The 25 are currently said to be waging a struggle for supremacy. Their main goals are aimed at Miguel, from the metalworkers union and, also, the head of the major union group known as the 62 Organizations. In his powerful, 250,000-member metalworker union, Miguel prepares to fight the battle for control on 10 December. If he loses, it could be his last hurrah.

Although the union normalization is not proceeding as the government had initially expected, many contend that these are the freest trade union elections in the past 40 years. The union election regulations that replaced the ones in an administration bill that Congress defeated are more or less what traditional union leaders wanted; that is to say, minority factions are excluded in practice from union management.

Euphoric over last year's elections, the administration's labor sector was anxious to shape a union movement in the image and likeness of the new political outlook. In his campaign Alfonsin had the backing of the Union Renovation Movement, which many assumed would become the union arm of the "third historic movement" that Radical circles were talking about at the time.

The major stumbling block that the Radicals encountered was Congress, when the Senate defeated a bill that sought to introduce broader guarantees for elections in factories and unions and to assure representation for minority factions.

Representation for minority factions was one of the key points. The understanding was that the strongly Peronist hue of organized labor might well be toned down if other political schools of thought were brought into union leadership.

The administration had to quickly reverse its policy, however, when the Senate voted the bill down, leading to one of its first crises. Among other things, it prompted the resignation of Labor Minister Antonio Mucci, a veteran graphic workers unionist and friend of President Alfonsin.

Radical Penetration

Since the new normalization procedure that Mucci's successor, Minister Juan Manuel Casella, worked out was largely in keeping with the desires of the longstanding union leaders, Alfonsin's labor people decided on new tactics and strategies. They were aimed mainly at the weak flanks of Peronist organized labor in those trade unions in which several factions were engaged in infighting.

The Radicals conducted a test of the new strategy at the recent SMATA elections, where in the capital city they forged an alliance of convenience with the Blue and White list, which is also Peronist but which was a rival of the Green list that Rodriguez headed.

The Radicals made significant gains in other powerful unions as well, especially in some white-collar unions. For example, Nestor Rompani, a Radical from the Union Renovation Movement, took over at the pivotal court employees union.

Miguel Candore is another crafty Radical heading a major union. As secretary general, he represents more than 100,000 public employees belonging to the National Civil Service Personnel Union (UPCN).

Although most of the UPCN members are regarded as Peronists, Candore was elected reportedly because it was felt that he could secure better terms for the union in negotiations with his fellow Radicals. The rest of Candore's list consisted of Peronists and representatives of other political persuasions.

Does the Left Have Ubaldini in Check?

So far in the normalization process the so-called mixed lists have for the most part been made up of Peronists, Radicals and independents.

In some cases, however, the mixed lists have also included a left wing of Intransigents and Socialists. The traditional Left does not seem to have settled down in any major union, with one notable exception: the brewery workers union, where it is threatening the hold of no less than Ubaldini, one of the four leaders of the CGT.

Some speculate that this might be why Ubaldini has postponed indefinitely the elections in his own union. Those who argue that the foundations of Ubaldini's strength are rotting away advance the following points:

--We will recall that he took over the union from Secretary General Jorge Barilache.

--His is a special line of work, the yeast process, which is used only in the brewing industry because it has been displaced by other more modern technologies.

--The workers in the industry's number one brewery, Quilmes, are reportedly feeling the influence of "classism," a term used to distinguish communist union groups from other leftwing extremist factions.

--Quilmes currently accounts for more than one-third of the 15,000 members of the brewery workers union. According to the sources we consulted, the dominant group there is ENTRA, which stands for National Encounter of Argentine Workers, a movement that is said to be run by the Communist Party, classism and so-called combative Peronism

Within the Argentine labor movement the radicalized Left has been traditionally represented by the Communist Party (PC), but in recent years it has been joined by the Movement Toward Socialism (MAS) and the Workers Party (PO).

According to one of the Peronist observers of the labor arena, "the Bolshevik policy is the reverse of the Radical strategy. They backed Rodriguez in SMATA but did not secure significant positions in return."

The same Peronist observer told LA NACION that another union faction that seeks to represent the extreme Left is the Orange list, which is active in several unions. But, he noted, "most of them are just crazy leftwingers at present, with streaks of Maoism, Trotskyism and other isms. It is represented in particular by the MAS and the Workers Party."

The SMATA Experience

At the SMATA elections, which were a sort of yardstick in the current union normalization, the Orange leftwing list was a resounding failure, especially in Cordoba, where it came in last.

This was a significant defeat because the remaining cadres of the Salamanca faction, which used to be in the majority, rallied around the list. In its heyday this faction was led by Rene Salamanca, a communist revolutionary and the union's last secretary general; he disappeared after the 1976 military coup.

Another interesting outcome of the SMATA voting in Cordoba was that the Blue and White list came out on top there; its candidate for secretary general was Jorge Castro, who was bested nationwide by Rodriguez.

In the capital, the Blue and White list had formed an alliance with the Radicals, allowing the Radical Julio Bello to run for the key position of finance secretary.

In Cordoba, the Blue and White list ran alone, without alliances, locally. This was risky because it barely managed to beat out the pro-Radical White and Purple list, which took second just 330 votes behind.

As for the voting for SMATA's national authorities, the new secretary general, Rodriguez, who won in most of the unions in the interior of the country, suffered a crushing defeat in Cordoba. The Blue and White list won 1,628 votes to just 273 for Rodriguez's Greens and 270 for the leftist Orange list.

The elections in the unions will last until at least 16 February 1985, when the Construction Workers Union of the Argentine Republic (UOCRA) goes to the polls. With 300,000 affiliates, it is the largest union in the country.

The following is an overview of the most significant leanings of the unions that will apparently exert the most influence in the makeup of the future CGT, according to trade union and political sources.

Metalworkers Union

On the national level there are two factions in the UOM: the 62 Organizations, which backs the powerful Lorenzo Miguel, and the faction represented by Luis Guerrero. The latter is particularly strong in Avellaneda.

Along the coast, some say from Villa Constitucion to San Nicolas, extends a swath of discontent exploited by Alberto Piccinini, a leftist.

In the capital, the 62 Organizations support Miguel against a faction represented by Ruben Marcos from the Green list. "We are going to confront the past, the defeat and decadence," Miguel's opponents proclaimed.

The Green list brings together the groups that oppose the traditional leadership linked with Miguel; their high point so far was Rodriguez's victory over Ruben Cardozo in SMATA. Cardozo was backed by the 62 Organizations.

The elections in the 63 sections of the UOM (250,000 members) will begin on 26 November, and then on 10 December the electoral college will meet to designate the national leadership.

Marcos unexpectedly decided to run against Miguel, whose only rival until a short time ago seemed to be the veteran leader Avelino Fernandez from the Sky-Blue list.

If he beats Marcos, Miguel will have to face off with Luis Guerrero, who in addition to his district of Avellaneda has the backing of major sections like Vicente Lopez, La Plata and others.

Miguel reportedly has the support of Bahia Blanca strongman Abertano Quiroga.

In contrast, if Marcos wins, there could be a compromise with Guerrero, possibly based on a restoration of the triangle on which the UOM's leadership traditionally rested: the secretariat general for the federal capital, the assistant secretariat for Avellaneda and the trade union secretariat for Rosario.

Railway Union

The Railway Union has scheduled its complicated system of elections for 19 and 20 November. There are about 158,000 registered members.

Although at least six lists might be on the ballot, the main ones would be those of the current leadership, which backs the group of "the 25" and is headed by Raul Ravitti, versus the groups that support Miguel's 62 Organizations and that are led mainly by Lorenzo Pepe, a national deputy, and versus the factions of Esteban Rolando, the man who headed the trade union until March 1976.

Plastics

Date of the elections: 19 November. Registered members: 20,000. Triaca heads the trade union. So far his only likely opposition is Peronist leader Juan Maso from the northern area of Buenos Aires, along with several leftwing factions and pro-Alfonsin groups from the Renovation and Change Movement. The feeling is that he will submit lists in some Greater Buenos Aires union sections.

Textile Workers Association

The elections are set for 12 December, and there are about 60,000 registered members.

The temporary leadership, headed by Pedro Goyeneche and Delfor Gimenez, dominates the trade union. This is the only list that has been submitted so far. It backs Triaca's group.

It might be opposed by the former secretary general of the union and the CGT, Casildo Herreras, and leader Celestino Blanco.

The Alfonsin faction is betting on leader Juan Biafore, who has organized a section of the Union Renovation Movement.

SUPE [United Trade Union of State Petroleum Workers]

SUPE has scheduled elections for 12 November. It has about 30,000 affiliates.

It is currently run by a temporary commission chaired by the secretary general, Diego Ibanez, a national deputy who headed the trade union in March 1976.

Ibanez is also the president of the Justicialist bloc in the Chamber of Deputies.

The opposition is represented by the Blue list, which consists mostly of Radicals but also of dissident Peronists and some leftists.

Trade union sources say that the situation is touchy for Ibanez, who also has problems as head of the Justicialist bloc in the lower house.

Insurance

The Insurance Union will hold elections on the 31st of this month. It has some 30,000 affiliates.

The Sky-Blue and White list has been submitted; it backs the current leadership, represented by Secretary General Ramon Valle, who has put together a pluralist slate that includes some pro-Alfonsin men.

Representing the opposition is the faction led by the union's former top man, Jose Baez, who was its secretary general until March 1976. Baez has brought together an alliance consisting mainly of Radicals and "classists." Javier Puertolas heads up Baez's list.

Construction

With some 300,000 members, the Construction Workers Union is the largest in Argentina. Its elections are scheduled for 16 February 1985.

The union is currently directed by Juan Farias from the capital, and he is backed by Pedro Maglione from Mar del Plata. Between them they control 60 of the UOCRA's 83 sections.

Another faction is represented by Lorenzo's Miguel's 62 Organizations, which has the backing of Rogelio Papagno, who was secretary general of the union in 1976.

The pro-Alfonsin faction is represented by Juan Muga, a former Peronist.

Light and Power of the Capital

The elections in the Light and Power Union of the Capital (19,000 members) are scheduled for 18, 19 and 20 November.

The Oscar Lescano faction has joined with Andres Mancuso's to oppose the one formed by leaders Pascual Fama and Alberto Priarone.

The first two represented a splinter group that broke with Juan Jose Taccone's faction; Taccone, incidentally, resumed his job in the union's library a few weeks ago. The latter two are followers of Taccone.

In a recent election in the internal consumer cooperative in which 12,000 members voted, Lescano and Mancuso came out on top by about 8,000 to 4,000. Union observers estimate that their faction could wind up controlling 85 percent of the delegates.

The pro-Alfonsin people are running their own slate, called Moralyf, with leader Luis Calvi as its candidate for secretary general. Calvi has served as undersecretary of housing on Light and Power's internal commissions. He belongs to the Quilmes district and at the last delegates election he lost 60 to 8.

The traditional communist faction, Renovation and Struggle, is headed by Luis Canay.

Another list that will be running alone is called Luis Natalini. This new faction backs leader Ruben Gioanni.

State Workers

The Association of State Workers (ATE), the sector's second largest union, will hold elections on 6 November; about 60,000 members are eligible to vote. Two slates will be facing off: Blue and White, the Peronist slate that is backing CGT member Juan Horvath and the independent faction of the former CGT-Azopardo for reelection, and Green, another Peronist slate, which is headed by Victor De Gennaro, who has the backing of the Commission of the 25.

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CSO: 3348/84

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Alemann: We are going to go back to definitions. I said recently that monetary expansion stems from three sources. One is the increase of monetary reserves that this administration also had in the first quarter of its administration when it applied a deliberate and publicly announced policy to increase monetary reserves. This was one of the main factors in the strong recrudescence of inflation beginning in February. The monetary reserves did not continue to rise because the government paid as much of the debts as it could so that this source was extinguished. Another source is the fiscal deficit or shortage in the General Treasury of the Nation where taxes, customs duties and some other resources are deposited and disbursed. The last source is the Central Bank itself, the financial sector. This can be defined in any form. It can be defined by rediscounts when there is centralization of deposits. It can be defined by a reduction in accounts when these are very high and are reduced sharply. It can be defined by the device of the monetary regulation account that no one outside understands; only the initiates of the Central Bank know how it functions. It is necessary to explain that the balance of that account has been, at least so far this year, extremely expansive and has the same inflationary effect as a fiscal deficit. Therefore, the quasifiscal deficit refers to this part of the Central Bank. Finally, it could be explained that the government has repeated the following about monetary creation and I must believe it. About one-third is imputable to the treasury itself--that is, the General Treasury of the Nation--and two-thirds to the Central Bank. It is probably right. However, one asks why, if that is true, wasn't it corrected where correction is much simpler and does not require laws but merely resolutions and circulars? This is the question that remains up in the air 10 months after the diagnosis was made.

MERCADO: The agreement was recently signed with the IMF. Two questions arise. How do you think it was negotiated? How is it different from past agreements?

Alemann: This is an overdue agreement. I feel it could have been achieved much earlier. However, there is not much sense in worrying about when the understanding was reached. The important thing is that the agreement was reached. I think it is necessary to celebrate this and give congratulations that it was possible to reach this understanding that opens the way for debt renegotiation. It especially opens the way to avoid hyperinflationary overflow, the latent danger under the previous situation. Anything is better than a hyperinflationary overflow. Whether the agreement is good, bad or indifferent is a matter of personal evaluation. However, without an agreement and without a limit on monetary emission and with the rampant social forces that push toward hyperinflation, there is that danger. The agreement with the IMF, then, is much more important as a limit to avoid hyperinflation than as an instrument to settle the foreign debt. I also think it is an agreement that can be considered good, in general. It is reasonable enough. It has fiscal and monetary goals that I think are hard but achievable. With a firm stand by the authorities, at least in the first quarter when these goals were announced, they are going to mean relatively important adjustments in the economy, especially in the expectations of the operators. You ask me about the difference between this agreement and past ones. To give a comparison, it would be necessary to take the last dozen agreements from the past 25 years. This is an academic task that does not have much significance for the public. I think it is necessary to pull out a few

things. For example, for the first time the volume of expenditures of the Treasury became a fiscal goal in the second half of 1984. As far as I know, this goal had never been formulated before. It signifies a technical improvement to achieve the other two goals that have always existed: the amount of deficit permitted by quarters (in this case, only until the last quarter of 1984); and the monetary mass defined in this agreement and others before in function of the Mo--that is, monetary circulation minus foreign assets at the current rate of exchange. I think this is progress because it is important to add one more goal and also because it permits the public to see whether the goal is being fulfilled or whether there are major deviations. On other occasions, the agreements were secret or reserved or hard to understand because they were only known to the initiates of the Central Bank. With the current agreement and the three goals announced (the amount of expenditures, the consolidated deficit of the public sector and the monetary goal), I feel that any observer who follows the balances of the Treasury or the Central Bank can more or less evaluate whether the fiscal and monetary behavior agrees with the goals or shows really substantial deviation.

MERCADO: Do you think that this agreement with the IMF affects some political commitments assumed by the government, particularly the recovery of the real wage and economic activity?

Alemann: Not necessarily. I think the government has made voluntary statements of economic policy. It said, for example, that the Gross Product will grow 5 percent in 1984; so far that goal has not been reached. We are over 3 percent in the first 6 months and I don't think we will pass 2.5 percent in the second. In this sense the voluntary goal would not be reached, just half. I am not interested in this. The voluntary goals are political announcements that have that value, nothing more. The same is true of the wage goal which is not clearly determined for the public sector but is for the private sector. It is not known how the public sector is going to act for the rest of the year and what the goal is for next year. The agreement covers five quarters: the last quarter of 1984 and the four in 1985. However, the exact fiscal and monetary goals expire in December 1984. Nothing has been said about the other four. This reveals great prudence on the part of the IMF and the economic authorities since they will formulate quarterly goals or 6-month goals as they have better mastery of the situation and have managed--I hope--to change the high inflation trends of this year.

MERCADO: At this point in the year, there are still some discrepancies in the domestic economy that do not permit a more or less normal evolution. Those discrepancies or disorders show up in the price policy, wage policy, the attack on inflation and even the variables tied to economic growth. How do you account for all this?

Alemann: I think the adjustment is made through the fiscal and monetary goals. The other instruments of wages and prices are going to have to adapt to those goals. This is, perhaps, the change in the emphasis of the policy instruments entailed in signing the agreement with the IMF compared to not signing it. Now there are clear monetary and fiscal goals that, in general, mean cutting inflation in half. Consequently, the instruments to be applied (prices, wages,

rates, interest rates, rate of exchange) are going to have to adapt to the monetary and fiscal goals and not the reverse as before. As these goals are fulfilled, it will be possible for the authority to adapt those instruments until convinced that the best way to advance is to take away the controls that affect prices, wages, rate of exchange and interest rates. For the moment, the government believes this situation has not arrived in order to take this leap which means a basic modification in the structure of the economic policy. However, it has not denied it forever. It simply says that it is not the time now because it would lead to another type of repercussion that it considers very serious from the social point of view. We accept this because that is its view of things. We hope that by fulfilling the fiscal and monetary goals, it does adapt the price policy, wages, interest rates and rate of exchange. For example, in the first 2 weeks of execution of the program, we very clearly noted that there are concrete measures aimed at achieving the monetary goals and possibly the fiscal ones. Consequently, due to the rise in interest rates in the free and liberated sectors, there has been a drop in the rate of exchange in the free sector and a rise in the controlled sector. Therefore, the gap has been reduced to under 20 percent. If it was necessary to demonstrate something, this reveals that this separation between the interest rate and rate of exchange that had been advocated at the end of 1983 turned out to be an illusion which everyone knew was going to happen.

MERCADO: If Argentina does well in its monetary and fiscal goals, when do you think it will be possible to seriously face a process of economic growth and stability?

Alemann: I think this process of adjustment will continue as long as the agreement with the IMF lasts. Assuming that the fiscal and monetary goals that the government has agreed on in the memorandum of understanding are fulfilled and assuming that it then fulfills those other goals agreed on for the subsequent quarters, I am sure that inflation will drop sharply. As a consequence, it will be possible to liberalize price controls as was agreed on with the IMF for the end of this year if possible. Later, the two rates of exchange will be liberalized through the fiscal and monetary policies to vindicate and simplify the distorted system of the interest rates of the different segments of deposits and credits. With all this in progress, it is possible that the great lack of confidence that prevails among the operators in the market can slowly yield to greater confidence which is the basis for reproductive investments in the country which provide employment, growth and drive.

MERCADO: Do you think the government has a firm conviction about what it is doing and what it will have to do based on the agreement with the IMF?

Alemann: I think so. Contrary to what many people in the market think, I believe that the authorities have convinced themselves that an agreement with the IMF is necessary. They always said that. I think that after the long, complicated and difficult negotiations with so many trips to Washington and so many trips to Buenos Aires by the IMF missions, they have reached an agreement to which they are emotionally committed. I don't think you can negotiate for 10 months, with so many problems, frivolously. You would have to be, as I said, emotionally committed.

MERCADO: As to the topic of the foreign debt, what solution do you consider most viable?

Alemann: I understand that the foreign debt is never going to be paid with trade surpluses--that is, with the commodity account. Neither our country nor any other--except the oil countries--is in the position to pay the foreign debt exclusively with those surpluses. The foreign debt--I am referring to the public debt--is reduced through a return of capital that left. There is no other way to do it.

MERCADO: But to do this it is necessary to reestablish confidence.

Alemann: No question. I noted this before when I said that it could be achieved slowly. Not only is confidence needed but also a system of exchange that eliminates restrictions. The experience in Argentina has been that capital only returns or only enters when it is permitted to leave freely. If it is prohibited from leaving freely, it leaves; if it is permitted to leave freely, it comes. This is the mechanism. Also a policy is needed and trustworthy people to implement a strategy so that those who hold the funds, both in the country as well as abroad, feel that they can place them in Argentina under reasonable conditions of guarantee and possibilities for profits more or less compatible with other profits they can obtain outside the country.

MERCADO: How important is the political opposition? Do you think that it can hinder or interfere with the government management?

Alemann: I want to interpret. When you refer to the opposition, you are speaking of Justicialism....

MERCADO: Yes.

Alemann: Right now, Justicialism does not present any leadership. The valid alternative which, in every democracy, corresponds to the main opposition party means showing another road, other formulas, other ways of governing. This is not yet seen. Justicialism does not have a leader; it has five. The first is the absent Mrs Peron who never exercises leadership. The second, its vice president, is Mr Lorenzo Miguel who never takes positions or gives leadership or guidance. Mr Herminio Iglesias is another major factor in this party. He is fighting a battle to affirm his leadership in Buenos Aires Province. The two left, then, to define positions in practical, everyday politics are the leaders of the two benches in Congress: Senator Saadi and Deputy Ibanez. These two are forced to define positions, say what laws they support, what laws they oppose, what proposals they present, etc. These two actually lead political Peronism. I believe that a valid alternative has not been reached. Political Peronism needs leadership in the country to validly formulate the alternative, lead its party and offer the necessary position in each circumstance to oppose or agree with any political situation that comes up.

MERCADO: What about the role that unionism plays and will play in the future?

Alemann: Unionism is immersed in its own elections right now. There have been two elections recently in the unions and hundreds to come. Until this electoral

process is completed, we will not know who leads unionism in Argentina. I am not a prophet or an expert in union leadership so I cannot say. It is necessary to wait 3 or 6 months until the reelection process in the unions has been completed to learn who leads them, where they are going, what they want and what relationship they will have with management and the government.

MERCADO: Do you believe in the deal?

Alemann: Not at all. This is a pastime. Opposed positions cannot make a deal. I believe in government leadership of the policy which is basically what it has just done with the IMF. It is also necessary to point out objectives, formulate instruments and apply them in a credible way so that the operators can act accordingly.

MERCADO: In this sense, are you an optimist?

Alemann: Neither an optimist nor a pessimist.

MERCADO: Last, how do you see 1985? How is it going to be economically?

Alemann: It is going to be a really hard and conflictive year because fulfillment of the goals with the IMF--even if not 100 percent--will mean in-depth adjustments in the conduct of the operators. My view of the current situation is that the majority of the operators do not believe that the government is going to fulfill the goals with the IMF. If the government is convinced that it is going to fulfill them, it will take time until the operators are convinced that those are the rules of the game. Meanwhile, they are going to lag behind in the policy revealed by the government as to prices, wages, investments, credits and debts. I insist that many of the operators are betting that the government is not going to fulfill the goals with the IMF and, in the end, squeezed by circumstances, it is going to open the monetary valves again to ratify--through emission--the inflation that everyone wants.

MERCADO: What is your personal impression?

Alemann: I believe that those who are now handling the economic variables of the government are emotionally committed to the agreement with the IMF and are going to do what is humanly and politically within their reach to fulfill it. I want to point out something that no one else sees. The one who fulfills the goals with the IMF is concretely the president of the Central Bank. The fiscal and monetary goals are his responsibility and his alone. To fulfill those objectives, the president of the Central Bank of Argentina can allocate a periodic--daily, weekly or monthly--quota to the General Treasury of the Nation that is equivalent to the difference between the expenditure promised to the IMF in the memorandum of understanding and the revenue from the General Tax Directorate and the Customs Administration. If the president of Central Bank allocates that quota to the General Treasury of the Nation, he fulfills with the IMF since the Treasury has no other resources to spend more than agreed on. As to the monetary goal, this is also the responsibility of the president of the Central Bank. Knowing the amount of monetary creation for the Treasury, he can calculate the increase of credit for the private sector by all the complicated ways

of the distorted system we have now. The objective is that the monetary circulation at the end of the year minus the foreign assets calculated at the rate of exchange on that date is what has been agreed on with the IMF. Finally, it is necessary to say that the president of the Central Bank is, by law, an independent official. Whether or not those goals are fulfilled depends on his responsibility. There is no force in the country that can bend him if he does not want to do it.

7717

CSO: 3348/61

LABOR, BUSINESS LIST GRINSPUN'S ERRORS IN ECONOMIC POLICY

Buenos Aires MERCADO in Spanish 18 Oct 84 p 13

[Text] The meeting at the Presidency was held with the officials suspecting that the political alliances of the business entities among themselves and with the CGT [General Confederation of Labor] had gone too far. One of the hypotheses considered by the political advisers to the government was that at some point in the talks, the visitors would make a harsh criticism of the economic management and would ask for Dr Grinspun's resignation. That did not happen. Before and after the meeting, the union and business leaders rejected that hypothesis for two reasons. First, they felt that this attitude would be inappropriate. Second, they feel that the UCR [Radical Civic Union] does not have spare people to assume better management than the current minister.

They left in writing their criticisms of the work developed in the area so far.

The Argentine Construction Board, the Argentine Chamber of Commerce, the CGT, the Agricultural-Livestock Inter-Cooperative Confederation, the Chamber of Commerce, Industry and Production, the Argentine Rural Confederations, the Coordinating Agency for Mercantile Activities, the Argentine Rural Association and the Argentine Industrial Union presented to the president the mistakes in economic policy committed in the 10 months of administration.

They are as follows:

Definitive bases have not been laid to overcome the acute structural imbalances that immerse the Argentine economy, keeping it from achieving rates of growth compatible with a lasting increase in the real wage and family income.

All the nation's available resources have not been efficiently mobilized to respond to the expectations of a people who feel that democracy not only implies political virtues and rights and guarantees of the individual but also means satisfying an entire gamut of reasonable aspirations that have been put off for a long time. Democracy and production are both needed but the sole presence of the former does not insure the achievement of economic growth at a sustained rate.

There has not been enough emphasis on passage from an economy of speculation to an economy of production. It covers two simultaneous aspects: a temporary one

putting into operation the available and usable idle resources of the existing productive system; and another referring to the beginning of the transformation process that circumstances require. That means sectorial and regional reallocation of the resources (manpower, accumulated work and natural wealth) in favor of those activities characterized by their elevated and growing levels of productivity (agricultural-livestock, industry, energy and connected services).

There is no economic policy that has clear, stable and coherent rules so that the economic agents can assume risks and make decisions and investments.

The authorities have not presented to the public a medium and long-term program of structural adjustment that responds to the requirements of the present situation of the Argentine economy, capable of permitting greater and justified optimism.

Today we are going through the stage of foreign debt renegotiation without the endorsement of an economic program that is known and accepted by the community and supported, facing the foreign creditors, as the best alternative the country has under the current restrictions imposed by the world economy, the United States in particular.

The repeated failures to control the situation have introduced additional distortions and a loss of confidence in the economic management that will make the implementation of alternative policies difficult.

7717

CSO: 3348/61

CONGRESSIONAL ACTION RESTORES CGE'S LEGAL STATUS

Buenos Aires LA NACION in Spanish 23 Oct 84 p 22

[Text] At the institutional reopening of the CGE [General Economic Confederation], its president, Dr Ildefonso Recalde, indicated that the group rejoins "organic activity with a spirit of service to the country." Therefore, its activity will be characterized "by the search for great agreements, not differences."

Also he stated that the work of the CGE will always be oriented based on national interests and in defense of enterprise and its placement within national development.

A press conference held at the headquarters of the Argentine Confederation of Motor Freight Transportation was attended by many businessmen including the presidents of the General Confederation of Commerce and Services and the CGE of the Federal Capital, Juan Abud Sacre and Alfredo Braneiro, respectively. It was anticipated that the CGE will rejoin the groups or business councils of the interior of the country within 180 days.

Willingness for Dialogue

Dr Recalde stressed that there is very good willingness by all those entities that feel affected by the recovery of the CGE.

He also pointed out that, as "base entity," it must unquestionably be part of the agreement. All the efforts will be oriented toward resuming its operations as quickly as possible.

Last, Recalde stated that the entity was frequently called statist or interventionist. In reality, what is sought now, as in the past, is to achieve a "just distribution of the PBI [Gross Domestic Product] within a framework of adequate business profitability."

7717

CSO: 3348/61

PLAN TO REDUCE NUMBER OF BANK BRANCHES PROPOSED

Buenos Aires LA NACION in Spanish 23 Oct 84 p 19

[Text] The concern in financial circles and in the bank employees' union over the future of the entities' branches persists.

Yesterday's statements made by the president of the Central Bank, Dr Enrique Garcia Vazquez, to the effect that "there is nothing firm," regarding the plan to limit the number of branches per bank to 40 did not succeed in dispelling the worry caused by the circulation of this news emanating from banking sources.

Garcia Vazquez told LA NACION last night that the plan "will not be implemented," adding: "There are many plans."

Garcia Vazquez Would Not Approve

The banks' spokesmen agreed in observing that Dr Garcia Vazquez would not share the notion of abolishing bank branches and that the plan had originated in the Ministry of Economy. To back that claim, they remark that the denial of the closing of branches made at the end of the week by the second vice president of the Central Bank, Dr Carlos Contin, included only the area of the entity with which he is associated, and not the Ministry of Economy.

The minister of economy, Dr Bernardo Grinspun, for his part, confirmed the studies, although he would not venture a concrete opinion in advance on the decision that would be made on the subject. He left more precise statements on the matter until his return to the country.

But the uneasiness caused in the unions prompted measures in the union area to be adopted yesterday, both among the workers and among businessmen. While the bank workers' leader, Juan Jose Zanola, was announcing that he had put his union in a state of alert, the Association of Argentine Banks (ADEBA) reported that it would discuss the issue at its council meeting tomorrow and, on Thursday, would bring it up before the president of the Central Bank.

Union Retort

In their declaration of alert, the leaders of the bank employees claim that the notion that the problem of bank costs would be solved by closing branches

is mistaken, and will only succeed in "diminishing the country." They stress that there is in Argentina one bank branch for every 6,400 inhabitants, whereas in other countries there is one for every 1,000.

The union is of the opinion that, if the largest private national banks reduce the number of branches to a maximum of 40, approximately 30,000 persons would be left without work.

In banking circles, it was noted in this regard that the plan in question would establish a mechanism whereby the dismissed employee would receive a certificate that would allow his future employer to be exempted from taxes.

Ferrer's Opinion

The president of the Bank of Buenos Aires Province, Dr Aldo Ferrer, for his part, in making statements to Radio Mitre, agreed with the figure given by the bank workers' union leaders. He said that, in Argentina, there is one branch for every 6,000 inhabitants, and that the figure is the same as in the United States, "which, as we all know, has a higher level of income than Argentina does."

And he added: "The system is oversized, and it must be reduced; the means for doing this certainly includes the matter of the branches."

Ferrer claimed that the situation is different in the case of the government banks, because they operate in development zones which offer no opportunities for profits.

As for the foreign banks, Ferrer made a distinction between the traditional ones which came here at the turn of the century and which are in some way part of the Argentine financial system, and the 16 or 17 banks which arrived "at the time of the financial nation." He claimed that it was the intention of the latter group was "to embark on those monstrous bicycle races of international speculation."

Ferrer added: "I believe that the latter must be confined to their function as middlemen for foreign trade and investment, but they have no useful function to discharge in the Argentine financial system."

The Authorship

The authorship of the plan was ascribed to the director of the Central Bank, Carlos Manuel da Corte, a young economist who reportedly agrees with ideas of the presidential adviser, Dr Daniel Larriqueta, according to bank sources.

2909

CSO: 3348/60

GUARDED PLP CONVENTION OPENS; BROADCAST COVERAGE SET

Radio, TV Arrangements

Nassau THE TRIBUNE in English 22 Oct 84 p 1

[Article by Anthony Forbes]

[Text]

THE ruling Progressive Liberal Party has paid the Broadcasting Corporation some \$40,000 for ZNS Radio and Television to broadcast the proceedings of the party's 29th annual convention, which opened today and ends Friday, Convention Chairman George Mackey announced this morning.

"We're paying ZNS some \$40,000 to telecast and broadcast the proceedings of this convention, not only for the benefit of the people who live in New Providence, but by way of radio in particular, to our brothers and sisters in the Family Islands," Mr Mackey said.

He told delegates assembled in the Polaris Hall of the Holiday Inn Hotel on Paradise Island that the party's money will not be wasted and the broadcast and telecast time starts at 8 pm and they must be present.

The convention opened Sunday with a prayer breakfast at the Poinciana Sporting Arena on Bernard Road and a "Talent Night" in the evening at Le Cabaret Theatre by the Progressive Young Liberals.

Party officers will deliver reports this afternoon and this evening will feature a welcome address by Mr Mackey, and an address by Young Liberals Chairman Ricardo Moncur and the principal address by Deputy Leader Arthur Hanna.

On Tuesday, both the morn-

ing and afternoon sessions will be closed while a panel discussion on the topic: "The drug problem in the country," featuring Dr Michael Neville of Sandilands and other panelists, will be held.

Again on Wednesday, the morning and afternoon sessions will be closed with addresses by Transport and Local Government Minister Philip Bethel during the evening session at 8:30 pm, St John's MP Peter Bethel, Parliamentary Secretary, Ministry of Economics, Agriculture and Fisheries, and the principal address by Economics, Agriculture and Fisheries Minister Alfred Maycock at 9:30 am.

On Friday, the morning and afternoon sessions will remain closed while Senators Patricia Coakley and Clara Rose King will give speeches before principal speaker Paul Adderley, Attorney General and Minister of Education, takes the rostrum at 9:30 pm.

Again on Friday, the first two sessions will be closed and Prime Minister Sir Lynden Pindling will deliver the keynote address with closing ceremonies to be performed at 10:15 pm.

An installation banquet will climax the week-long convention on Saturday at which the Prime Minister will install national party officers and stalwart councillors, and Mr Hanna will give the closing remarks.

Remarks on Security

Nassau THE TRIBUNE in English 22 Oct 84 p 1

[Article by Anthony Forbes]

[Text]

DEPUTY Speaker George Mackey this morning opened the "most important convention in the history" of the ruling Progressive Liberal Party, telling hundreds of delegates that what is discussed in connection with the reports of party leaders this afternoon "must remain in the family."

Addressing delegates in a tense and heavily guarded Polaris Hall of the Holiday Inn Hotel, the Convention Chairman urged PLPs to strategically position themselves to prevent "any FNMs, Vanguards, Rastas or the like" from attempting to disrupt the proceedings and to point them out to the police.

Reports from Prime Minister Sir Lynden Pindling, PLP Leader, followed by former Deputy Prime Minister Arthur Hanna, Deputy Leader, and other officers, will be held in "a very important closed session" this afternoon at which only delegates with badges will be allowed to attend. The Press has been excluded. Thursday night's election of officers, which in past years has been open to the public, will be held behind closed doors this year.

Deputy Leader Hanna, who resigned as Deputy Prime Minister and Minister of Finance over "fundamental matters" on Monday, October 8, following serious allegations of corruption in the Government, will deliver the principal address to the party's 29th annual convention at 9:40 tonight.

Prime Minister Sir Lynden Pindling, who relinquished the post of Minister of Defence to National Security Minister Loftus Roker and took on the Finance portfolio after a major Cabinet reshuffle, will give the keynote address Friday night.

In his sixth term as Convention Chairman, Mr Mackey, MP for St Michael's told over 400 delegates gathered in the

Polaris Hall of the Holiday Inn: "The convention is the supreme authority of the party. Everyone is free to express themselves as their conscience dictate."

"We may not agree with everyone but we must agree and respect the right of everyone to express their opinion," he said.

"Now, I will not deceive you, and I would if I were to tell you that all is well in our party," Mr Mackey said. "This, I feel, will be the most important convention in the history of our party, and so the participation of all is essential and their conduct must be of the highest order."

He beseeched delegates to try to get badges "because you are going to have a very important closed session" when the convention resumes at 2 o'clock this afternoon.

"At this time, reports from the party officers will be given and it will commence at 2 pm with the report from the party leader the Rt Hon Sir Lynden Pindling followed by a report from the Deputy Leader Mr A D Hanna and the other officers of the party," Mr Mackey said.

"This will be a very, very serious and important session and hence only delegates with badges will be permitted through the doors," he said. "The Press and all others of necessity will be excluded."

"This is family business and only members of the family are invited," he said. "So kindly use the two hours between noon and 2 pm to secure your badge because only with that badge will you gain admittance to this hall this afternoon."

"What is discussed here this afternoon must remain here in the family. This is family business," Mr Mackey said.

Being held under the theme: "Meeting the challenges of the 80's," the PLP convention comes exactly two weeks after the nation was rocked by the

upheaval within the Government when Mr Hanna, Youth and Agriculture Ministers Kendal Nottage and George Smith resigned and Tourism and Housing Ministers Perry Christie and Hubert Ingraham were dismissed by the Prime Minister.

The Cabinet crisis erupted after weeks of speculation of internal dissent within the ruling PLP over allegations of corruption against several Cabinet Ministers, including Mr Nottage, Mr Smith and the Prime Minister himself, which is expected to dominate discussions during the five-day meeting.

The Polaris Hall is decorated with scores of PLP flags hanging in three rows from the ceiling, and numerous slogans on the walls of the building, some of which read: "Defending democracy," "Getting fit to fight," "Coming alive in '85," "Tighten up and toughen up," "Providing hope for the nation," and "Caring for the people."

Also, two large photographs of Party Leader, Prime Minister Pindling, adorned the walls of each side of the Head Table, one in a suit with the words "Statesman," and the other in PLP-style Androsia print saying "Party Leader."

Before Mr Mackey addressed the convention, delegates shook hands in fellowship while singing "Leaning on the everlasting arm," which seemed to brush off some of the tension that was evident among delegates.

Whereas in the past, the convention hall was filled with the noise from the hustle and bustle of the crowd as they mixed and chatted, this morning was unusually quiet.

This was further noted by Mr Mackey when he told delegates that security is "very, very strict." This was evident by the presence of a senior police officer, in addition to plainclothed SIB officers inside the convention hall and many more outside.

"Now the security is very, very strict this year," Mr Mackey said. "We have got a police station in this hotel, you've got the hotel's own security guards and you've got other plainclothed people keeping security because we are living in treacherous times and you can't take anything for granted."

"And so it's going to be essential that you wear your badges at all times because at evenings on the floor, security will be seeing that only delegates and proper guests of the hotel have access to the corridors or the rooms," Mr Mackey warned.

He noted that at previous conventions many persons came around at night banging on doors looking for parties "and sometimes they bang on doors not of delegates, but guests who come from Los Angeles...all over the world and who live in this hotel."

"And so it's important for the security people to do their job properly that we do as delegates wear our badges at all times so that we could be recognized by them and not suffer unnecessary embarrassment," he said.

Mr Mackey also noted that the hall will be arranged tonight so that as many people, including the general public who wish to come may come.

"And common sense should dictate to you that not all who wish us well will be coming," he said. "So we've got to be on our guard tonight that when the Deputy Leader speaks as will the other speakers throughout the night; particularly when the Leader speaks on Friday night, that we place ourselves strategically in this hall so that if any FNMs, Vanguards, Rastas or the like attempts to disrupt the proceedings or what not, we can point them out immediately and let the police take them out."

"We don't want any fights but we don't want any foolishness either," the Convention Chairman said.

Mackey Opening Address

Nassau THE TRIBUNE in English 22 Oct 84 p 1

[Article by Anthony Forbes]

[Text]

ONE of the greatest contributing factors that has all of the members of the ruling Progressive Liberal Party wondering whether or not they can hang together as a party is because many have not told the leaders the truth, Convention Chairman George Mackey told hundreds of delegates this morning.

"And so if you are so concerned about what is going wrong with our party, what ails it at the time - and there are a lot of things that are not right - then you have to demonstrate that concern by making a sacrifice of your time and be here and while you are here, to tell us the truth," Mr Mackey said.

"I can say this without fear of contradiction," Mr Mackey, Deputy Speaker, told delegates gathered in the Polaris Hall of the Holiday Day Inn at the opening of the party's 29th national convention, "one of the greatest contributing factors that has brought us to this point where all of us are wondering whether or not we could hang together as a party comes from the fact that far too many of us don't tell each other the truth.

"And particularly, many of us do not tell our leaders the truth. We tell them, for our own selfish reasons, the things that we think they would like to hear and a problem will only be solved if you tell the person what the problem is," Mr Mackey said.

"Only God knows all things and can do all things, and irrespective of the positions we hold in life or in this organization or in the Government, you can only address a problem if people tell you honestly what that problem is," the St Michael's MP said.

"And the history of this party has shown that when it comes down to brass tacks, a lot of us say a lot of things that trouble us out there in the

corridor, out in the streets, in the bar rooms, but when it comes down to the one place where things can be settled, and as I've said before, this convention is the supreme authority of our party, and if you have any gripes, if you have any bickerings or what not, this is the place, this is the time to air them," Mr Mackey said.

"Only then and only in that manner the leaders and those responsible will be able to correct the problem so that our party can live on," he said. "So I implore you to try and attend every session and make your contribution to the solution of our problems and to the further advancement of our great party."

Clearing up any misconceptions, Mr Mackey said that the convention committee had started preparing for the five-day parley since April and started reporting to the National General Council in June, when it was stated that in light of all the "bad publicity" the party was getting daily from the Commission of Inquiry and the Press, "seeing that the nomination of officers and election of officers have always been a divisive part of our convention, we couldn't afford to wash any more of our dirty linen in the public.

"So this year, we planned and the Council agreed from June until last Thursday they agreed that we are going to have nominations in the day time and elections in the day time," Mr Mackey said.

"And it was done for the purpose that we told Council in June, that was long before the conclave and that was long before the other things happened and so there's no sinister motive intended, only the best interest of this party," he said.

"Perhaps, it is good that we do hold our nominations in the day time and also our elections

in the day time because in time past, only the Family Island delegates, with few exceptions, made the sacrifice of attending all of the business sessions of this convention," Mr Mackey said.

"And many of New Providence delegates stayed away during the day time, on their business, kept their shops, went to their jobs and they only come out in the evening times dressed up to socialize and the only people that kept the business of the party going were the Family Island delegates," Mr Mackey said.

"And many times they have to give their reports to themselves because not only were not relevant Ministers in Government present, there weren't many representatives in Parliament present and there weren't many employers' delegates present during the morning time that those Family Island delegates give their reports," he said.

"And you see faith and patience are going to run and so this year I've advised the Prime

Minister that on Wednesday morning we will be dealing with Family Islands reports and to have all his Cabinet Ministers present so that the delegates can give first hand to them the complaints and the problems of their constituencies," Mr Mackey said.

Getting back to the point, Mr Mackey declared: "I am sure tomorrow when nominations take place, and Thursday when elections take place that the New Providence delegates will be here."

"If you want to nominate you'll be here and you will have to make a sacrifice," he said, noting that the PLP did not start off as one grand party with 32 seats in the House of Assembly, but only as a thought and an idea in the minds of a few people.

"And we took plenty beatings, plenty setbacks between 1956 to the present day to get where we are and it required sacrifices and nothing worthwhile comes without honest effort and sacrifice," he said.

Hanna on Party Stability

Nassau THE TRIBUNE in English 23 Oct 84 pp 1, 4

[Article by Anthony Forbes]

[Text]

THIS week's convention of the ruling Progressive Liberal Party will serve to remind Bahamians and the entire world that the PLP is a stable party that has provided the most stable government in the history of the Bahamas, Deputy Leader Arthur Hanna told thousands of delegates and supporters last night.

The Deputy Leader, who resigned two weeks ago from the Cabinet of Prime Minister Pindling, was interrupted by hundreds of cheering delegates demanding that he repeat his statement.

"This convention will serve to remind all Bahamians, and indeed the entire world, that ours is a stable party, one which has provided the most stable government in the history of the Bahamas," Mr Hanna reiter-

ated.

"The world will be able to see at the end of this convention that the Bahamas enjoys the benefit of government by a stable and united political party, that party which led the country to become the most stable in the region and laid the foundation for the guidance and well being of future generations of Bahamians," the Deputy Leader said.

Again, the crowd of applauding delegates and supporters rose to their feet to demand that he repeat his second statement again for them, which he did.

"At the end of this convention, we will have sent a message to all our countrymen that we stand firmly by the principle of democracy and that we invest our faith in the

democratic process," said Mr Hanna.

However, Mr Hanna's conciliatory opening remarks contrasted sharply with his hard-hitting statement on the matters that had brought the party into disrepute and his call for members to arrest the ravages of those who had compromised or aborted the principles of the party.

The Deputy Leader's opening address was eagerly awaited by delegates, supporters and members of the general public as it was anticipated that he would spell out the reasons for his resignation on October 8 and indicate whether he intended to challenge Prime Minister Sir Lynden Pindling for the leadership of the party.

Nomination for party posts will take place in closed sessions this afternoon and election of officers will be held in closed sessions also Thursday amid rumours that Mr Hanna will be nominated for the post of party Leader, opposing the Prime Minister, who is party Leader.

Mr Hanna commended to delegates a statement he made over a decade ago as the Bahamas moved towards Independence and which read: "There is no easy walk to freedom anywhere, and many of us will have to pass through the valley of the shadow of death again and again before we reach the mountain top of our desires."

"Again tonight I commend these thoughts to you because true freedom, as real as it is, can show a tendency to seem further away the closer to it you come," Mr Hanna said.

He noted that not long ago, the Bahamian people exercised the democratic right to select the government of their choice, yet again demonstrating their confidence in the PLP and will have an opportunity again in 1987 to review the PLP's stewardship.

"We have worked for and engendered the democratic party process in the Bahamas and we accept, cherish and believe in it," Mr Hanna said.

He said that the opposition has a role to play in the system, which is to oppose, criticise and put forward alternate policies and proposals in an attempt to persuade the electorate that it would be better qualified to act as the government.

"No reasonable citizen who has the nation's best interest at heart can suggest otherwise," he said. "By the same token, no reasonable citizen can condone the actions of an opposition which defies the codes of conduct established to protect the people's interest and commit itself to a course of lawlessness and endanger the stability and security of the nation itself."

"For these reasons, I am sure, all reasonable citizens of the Bahamas were shocked to learn that the Leader of the Opposition had committed himself and his party to the obstruction of the people's business in Parliament," Mr Hanna said.

"To have done so was to have presented the Free National Movement as a stumbling block to free speech and the process of democracy in the Bahamas," Mr Hanna said.

He said that he is not a subscriber to the view that the opposition has no real function, no meaningful duty to perform and would be free to do pretty much as it liked without significant impact on national consciousness.

"The Opposition labours under similar circumstances as those which guide the government," Mr Hanna said. "While they may promise more than they intend to deliver, they do so at the risk of straining the public's credibility."

"As for the government, its principal and most immediate function is to jealously guard our parliamentary democracy upon which rests our constitution and the law," he added.

He then recalled that in 1975, the PLP addressed the need for a formula which would effect and insure the quality and integrity of leadership in Government, and debated the matters of conflict of interest and declaration of assets and income.

He said that Party Leader, Prime Minister Pindling told the convention that the "air had been rife with allegations of corruption on the part of political figures," and although the allegations were not sufficiently specific to be defended, they had the effect of calling into question the integrity of the PLP.

"To have ducked the issue at that time, fellow delegates, would have been indefensible," Mr Hanna said. "The national interest demanded that we make a firm, and perhaps difficult, decision, stick with it and see it through."

"This we did despite a bitter debate which pitted comrades

against each other right up to the House of Assembly," he said. "In the end, the principles of the Progressive Liberal Party prevailed to ensure that safeguards were in place to prevent the compromise of integrity of elected and public officials."

He then quoted the Prime Minister as saying at that time: "In any society, newly independent or not, the integrity of public officers, be they political or administrative, is an essential ingredient for the orderly and progressive development of that society."

"The people have a right to expect from their elected and appointed officials the utmost integrity and, in today's society, it would seem necessary that they also have the means by which they can be reasonably assured, from time to time, that this is so."

"Thus it was, in 1975, the PLP made a landmark resolution in the political life of the Bahamas, to the effect that parliamentary leaders and candidates for such office be obliged to declare publicly their assets, liabilities, incomes and private business interests; that those who failed to comply should resign; and that those who made false declarations should be liable for prosecution," the Deputy Leader said.

"This was, perhaps, the finest example of the PLP having achieved maturity as a political movement," he said. "Guided purely by principle, the PLP was able to subjugate personal considerations and allegiances and formulate a policy which, though distasteful to some, would work most definitely in the best interest of the nation."

"We were able to demonstrate to the nation and to our detractors that the Progressive Liberal Party stood as a bastion of principle above which no individual could be elevated," he said.

"That we were alive to the fact that while we, as individuals possessed all the frailties common to human beings, the principles for which our party stood were inviolable," the Deputy Leader said.

Nassau THE TRIBUNE in English 23 Oct 84 pp 1, 5

[Article by Anthony Forbes]

[Text]

DEPUTY Leader Arthur Hanna declared last night that he resigned as Finance and Deputy Prime Minister two weeks ago because the unfolding drama of the Commission of Inquiry in drug trafficking and corruption in Government, had forced him to choose between right and wrong.

He said that "paramount among the challenging issues" faced by the party this week "will be the issue of leadership and the preservation of the very ideals" upon which the PLP has based its progress over the past years.

The Deputy Leader said the decisions party members face during their week-long convention must "arrest, once and for all, the ravages of those who by their actions continue to embarrass the organization, the petty and not-so-petty influence peddlers and anyone - from National General Council to grassroots - who can be shown to have compromised, or aborted, the principles for which our party is known to stand."

Appealing for party unity, the Deputy Leader said he had arrived at a crossroad in his life when he had to obey the dictates of his conscience and the principles of the PLP or ignore the most blatant and damaging contravention of the principles and policies the party stood for.

In his 19-page opening address, Mr Hanna said that when the disturbing matters selected for scrutiny by the Commission are laid to rest and when those who have erred in their duty are identified, the PLP will emerge "strong and pure."

However, the Deputy Leader alerted PLPs to the fact that as a political party members could not permit anything to open a hole in its armour of integrity. He warned that to do so "could ensure the demise of the PLP as

a political and moral force in the Bahamas."

If they erred in doing their duty, he said, they would "condemn future generations to face life without the stability and guiding principles of the Progressive Liberal Party."

Thousands of PLPs, including MPs, sat and stood for 45 minutes as the Deputy Leader, for the first time since his October 8 resignation as a Minister of Government for the past 17 years, publically explained why he had stepped down.

The Deputy Leader opened his speech in a conciliatory manner, tracing the birth and growth of the PLP and appealing for party unity. But as he turned to the matters that had brought the party into disrepute, he threw down the gauntlet. He said the nation, which had entrusted its fate to the PLP, now waits "to see if we still deserve that trust." The time had come, he said, when they would have to face "the sternest test of calibre as a political movement." And he promised that the Bahamian people would be "made fully aware that this convention is not taking place to sweep dust under the carpet, to evade painful issues and decisions and to shirk from putting to the test the severe and testing standards of conduct and principle" which they had experienced in the course of their cause.

The thousands of PLPs who crammed the convention hall interrupted the Deputy Leader's speech with loud applause at the beginning as he traced the PLP story, but maintained a hushed silence as he explained why he had resigned from the Government of Prime Minister Pindling.

Prime Minister Sir Lynden Pindling, a target of allegations before the Commission of Inquiry, whose leadership, it is rumoured, is to be challenged

by Mr Hanna, smiled during the first part of his colleague's speech. However, by the end Sir Lynden seemed visibly upset.

Mr Hanna, who was twice asked by the crowd of PLPs to repeat his unity calls, was congratulated throughout the night by the thousands of delegates and party supporters as they left the Polaris Hall of the Holiday Inn Hotel on Paradise Island, site of the convention.

After outlining the history and achievements of the PLP and touching on the matters which he said represents the challenges of the 1980's, which is the theme of this year's convention, Mr Hanna went on to explain the reasons for his resignation.

"But paramount among the challenging issues we face this week will be the issue of leadership and the preservation of the very ideals upon which our movement has based its progress over these many, many years," Mr Hanna said.

"Fellow delegates, I must put it to you bluntly that it is my firm conviction that on this issue will rest the question as to whether it will be the principle and policies of the Progressive Liberal Party which will chart the course of the nation through the rest of this stormy decade," he said.

"For much of 1984, this is the issue which has most usurped the public interest, exposed our party to the closest scrutiny and caused our nation the most severe embarrassment abroad," he said.

"This was so to the degree that the government found it necessary to appoint a Commission of Inquiry to examine the available evidence and report on the extent to which the drug running activities of smugglers and fugitives from justice had encroached upon the integrity of the political and administrative leadership and security forces of the Bahamas," the Deputy Leader said.

"That cathartic chapter in our history has yet to be closed and will, without doubt, pre-occupy our minds and consciences at some future date," Mr Hanna said.

"However, even as that drama was unfolding to the

astonishment and dismay of the Bahamian public, it started to become clear to me and a number of our colleagues that there were at stake some issues and principles so basic, so absolutely fundamental as to preclude any hesitation before seeking their resolution," he said.

"For myself, this realisation forced upon me the urgency of a decision which was to be the most painful and far-reaching of my entire career in politics," the PLP Deputy Leader said.

"I found myself unable to escape the conclusion that I had arrived at a crossroad in my life, at which I was forced to obey the dictates of my conscience and the guiding influence of the golden principles which our party had evolved over the past three decades or to put those aside, turning a blind eye, ignore the most blatant and damaging contravention of those principles and policies for which our party stands," he said.

"I recognized also that this decision I faced would test to the limit one of the most important relationships of my political and private life," he said. "I also found that I would not escape the realisation that I faced a decision, when stripped down to its basic and most objective essence was a choice between right and wrong."

"So it came about that I tendered by resignation as Deputy Prime Minister and Minister of Finance on the 8th October, 1984," the Deputy Leader told PLPs.

He said that since the "unwarranted attack" by NBC on the Bahamian Government, through the traumas of the Commission, to which the Government rightly gave full and ample powers, the ruling party has subjected itself to full scrutiny.

"Many disturbing matters were selected for public scrutiny and in the final analysis, when these matters are finally laid to rest, when we have identified those who have erred in the performance of their duty, I am sure that this party will emerge as strong and pure in the gleaming brightness of the day," Mr Hanna said.

"This party has never lost

sight of its goals and moral cause and it certainly is not about to do so now, at this crucial juncture of our nation's history," he said.

He said leaders of the PLP have always been conscious of the justice of the party's cause, which is the essence of its success.

"Our cause is just, our cause is right," the Deputy Leader said. "We will not only endure, we shall prevail."

"Fellow delegates, you should be aware that this could well be the most momentous convention to take place since that meeting in 1953 at which the idea was first discussed to form this great party," Mr Hanna said.

"From this moment I want you all to be alert to the fact that as a political party we cannot permit anything to open a hole in our armour of integrity," he said. "To do so could ensure the demise of the PLP as a political and moral force in the Bahamas."

"To do so would be to squander, in one rash and irresponsible gesture, the work of an entire generation of political visionaries, party supporters and honest, hard-working Bahamians," he said.

"The nation, which entrusted its fate to our care these many years, waits now to see if we still deserve that trust," he said. "The international community is now focusing its attention upon us, to see how well we stand the truest tests of nationhood."

"One small, but most significant, particle of the degree of respect which our party will command in time to come rests in the hands of each and every one of us and, indeed, to an even greater extent those of us who are leaders of our party," he said.

"Now fellow delegates, fellow citizens, fellow soldiers of our cause, we begin to feel the weight of responsibility," the Deputy Leader said. "The time approaches when we will have to face the sternest test of calibre as a political movement - the time when the very pen of history will be thrust into our hands."

BRIEFS

CABINET APPOINTMENTS--THE CABINET Office announced today that Mr James B Moultrie, PLP MP for Rock Sound, has been appointed Parliamentary Secretary in the Ministry of Education and Mr Peter J Bethell, PLP MP for St John's, has been made Parliamentary Secretary in the Ministry of Economic Affairs. It was also announced that Mr Milo B Butler, Jr., PLP MP for Pinedale, has been appointed chairman of the Gaming Board, a post formerly held by Mr Perry Christie, who was fired from the Pindling Cabinet last week. [Text] [Nassau THE TRIBUNE in English 18 Oct 84 p 1]

MINISTRY REDESIGNATION--THE MINISTRY of Labour & Home Affairs has had a name change. It is now to be known as the Ministry of National Security. The Tribune was told today that the name was changed on Wednesday. In Prime Minister Pindling's "streamlined" Cabinet former Minister of Works Loftus Roker was made Minister of National Security with responsibility for the Police and Defence Forces, the Departments of Immigration, Parliamentary Registration and Lands and Surveys. The announcement was made by Prime Minister Pindling on October 9. With the new title for Minister Roker came the name change for the Ministry. [Text] [Nassau THE TRIBUNE in English 19 Oct 84 p 1]

CSO: 3298/104

DLP OFFERS ECONOMIC PROPOSALS AS BUSINESSES FAIL

Stress on Private Sector

Bridgetown THE NATION in English 11 Oct 84 p 2

[Text]

DOCTOR Richie Haynes said at the Democratic Labour Party's (DLP) first people assembly Tuesday night, that his party would be depending very heavily on the private sector to get the economy moving again.

"The private sector", said Dr. Haynes, "has demonstrated over the years its capacity to sustain levels of profitability, generate employment and exercise financial discipline to the advantage of the entire community.

"It must be our policy to face the realities of the situation, to de-emphasise public sector intervention in areas which have proved costly to the taxpayers of this country and to give to the private sector the tools to get on with the job.

"Our policy will be directed to removing the constraints on private sector development, and create an environment where security of investment and profitability can be assured and stop the capital erosion that is taking place.

"This means that there will have to be a reversal of policies in relation to credit, wages, cash in circulation and interest rates and a new dimension of confidence in the partnership between the public and private sectors will be created by a new DLP Administration.

Dr. Haynes, the Opposition's spokesman on finance, said he had no difficulty whatsoever in accepting a situation where the private sector generated high levels of profit in a socially acceptable manner which guaranteed employment and good wages and respected the rights of workers.

"As far as I am concerned," said Dr. Haynes, "almost all of the statutory boards have been a total failure and will continue to be failures and the community cannot continue to carry the burden of these boards.

"The time has come when we must get the private sector more involved in housing, export agriculture, agricultural marketing, and so on and the same expertise which it has demonstrated in the area of imports can be utilised in the area of exports.

"The base of private sector ownership," said Dr. Haynes, "has expanded to the point where bold initiatives of this kind cannot be said to be promoting the interests of any one class over another."

Dr. Haynes went on to say that if the government called a snap general election, Barbadians could be sure that it would have done so because it anticipated that the economic situation would worsen considerably between now and 1986.

Opposition MP, Dr. Haynes said that there was no justification for a devaluation of the Barbados dollar and called on the Government to maintain the value of the Barbados dollar.

"If we had a Government, said Dr. Haynes, "which understood the management of an open economy such as ours, our trade situation should have been adjusted long ago to capitalise on the strength of the dollar through trade deflections.

"The private sector," he said "could have been guided in shifting to imports from countries whose currencies have weakened considerably against the United States dollar and in this way the cost of living in Barbados could have been reduced."

Dr. Haynes said that the strength of the United States dollar was not a temporary phenomenon.

Business Failures

Bridgetown SUNDAY ADVOCATE in English 14 Oct 84 p 1

[Article by Eric Smith]

[Excerpts] The current poor economic climate in Barbados has so far this year forced at least 27 businesses into receivership or liquidation. There are nine other firms which some of the island's senior chartered secretaries and receivers have described as "borderline cases."

And, the prediction has been made that because of changing economic conditions, the local industrial manufacturing sector will never be the same again and will have to make significant changes.

Managing Director of Colybrand Management Services, Mr Grenville Phillips, has stated that the situation "is a reflection of the present economic position," a view supported by president of the Barbados Chamber of Commerce and Industry, Mr. Philip Goddard.

Mr. Phillips said that in Britain and the United States these circumstances (so many companies going into receivership) usually mean that there is a bottoming out of the recession, but he pointed out that in Barbados there is an insufficient number to give a value judgment based on this concept.

He however noted that manufacturing will never be the same again and present and future conditions will make all of them change their manner of operations. This will be dependent on management, labour and union since there must be a planned strategy for the future in order to assist this sector of industry especially, Mr Phillips stated.

Barbados' economy has been reeling under worldwide recession and also because of protectionist measures within CARICOM-during recent years. The island's major sectors; tourism, sugar and manufacturing have all been under severe strain. As a result of the problems in these sectors there has been a rise in the island's unemployment level last put at 17.8 percent at the end of June.

In an effort to save jobs and avoid the possibility of getting into financial problems a number of firms in all sectors have been forced to introduce stringent measures, including staff lay-offs, freezing employment, cutting allowances and fringe benefits of some executives and various other cost-cutting measures.

Defense of Government Actions

Bridgetown SUNDAY SUN in English 14 Oct 84 p 3

[Text]

REACTING to charges by the Opposition Democratic Labour Party (DLP) that Government had committed Barbados to a "suicidal expansionary programme fuelled by external borrowing", Leader of Government Business, Mr. Lionel Craig, says Government has fulfilled all of its financial commitments.

Listing the International Monetary Fund (IMF) as an example, Mr. Craig said: "They have been repaid, every single cent. We have passed all their economic tests."

Charging that one of the favourite statements by the Opposition spokesman on finance, Dr. Richie Haynes, was that "the nation was in a state of financial collapse", Mr. Craig said to his limited knowledge, financial collapse of a country was when it could not pay its debts, national and international.

Describing Dr. Haynes as "a prophet of gloom and doom", he

said: "It is when the super-markets are as empty as they were in 1973 to 1976. But they are no longer empty."

On top of that, it is difficult to understand how a country could be in a state of financial collapse when all over the world unions are battling with governments for increased wages for their workers, while the Government of Barbados has given their civil servants increases to the tune of \$17 million to \$18 million."

He also noted that durable goods were still being imported and listed a number of other programmes implemented by Government including health care, unemployment benefits, availability of mortgages, new buses, highways and repairs to tenancies.

He concluded: "Barbados is part of a world with economic problems, but the ship of state remains in the safe hands of Prime Minister Tom Adams."

CS0: 3298/106

WALCOTT DEFENDS UNION DEMANDS AS REASONABLE

Bridgetown SUNDAY ADVOCATE in English 14 Oct 84 p 2

[Text] The Barbados Workers' Union has expressed objection to what it charges are unsupported suggestions that trade unions are unreasonable and impose punitive costs on the community.

General Secretary of the Barbados Workers' Union, Mr Frank Walcott, said last Friday that the union was objecting to these statements because none of the opponents of the trade unions in Barbados has been able to produce facts to prove what were the labour content and costs compared to other costs.

Mr. Walcott said Governor of the Central Bank, Dr. Courtney Blackman, has over the past five years set out to create an image for the trade union that could only be termed as hostile.

"Unfailingly whenever he speaks he attempts, in some form or fashion, to decry the workers' organisation," Mr. Walcott said.

He added that the Union did not take issue with him for expressing his opinion about the trade union movement because he was not the only person in the world who held backward views about the movement.

"The trade union movement has underwritten some of the basic liberties in Barbados. And what the population enjoys today as basic rights is due to the courageous efforts of the workers of 40 years ago who formed the cornerstone of the movement in Barbados and made democracy a reality for all Barbadians," Mr. Walcott submitted.

He said the unsupported suggestions by those opposed to the trade unions, that the trade unions were responsible for the economic problems that we now faced, were nothing but excuses.

Mr. Walcott added that the fact was, that those who opposed the unions have failed to identify the real causes and were looking for scapegoats.

Said Mr. Walcott: "We are aware that we live in an acquisitive society, with all of the attendant difficulties. Our role therefore in such a situation is not to foster the greed that acquisitiveness produces, but to seek to distribute the surplus in the community among the widest sector.

"The role of the trade unions is not to dispossess those who are fortunate to have more than they need, but to point out that such fortunes must, inevitably, be shared by those who contribute to the accumulation of this wealth by their toil and sweat," Mr. Walcott added.

WALTER BURKE IS NEW HIGH COMMISSIONER TO GRENADA

Bridgetown BARBADOS ADVOCATE in English 18 Oct 84 p 1

[Text]

Barbados' newly appointed High Commissioner to Grenada, Mr. Walter Burke, is expected to take up his new post next Monday.

Mr. Burke's return to the area of foreign affairs follows an eight-year stint as Permanent Secretary in the Ministry of Education.

Grenada is now considered to be a key post by the Ministry of Foreign Affairs and an official from this Ministry said yesterday that while there Mr. Burke will be looking after the interests of Barbadians now present in that island as members of the Caribbean Peace Keeping Force, teachers, nurses, police and other Government representatives.

Mr. Burke will also be promoting the cultural and economic interests of Barbados in Grenada.

At present Barbados is being represented in Grenada by Mr. Carl Jackson.

It was also stated that the new appointment is part of a move by the Ministry of Foreign Affairs to upgrade what was said to have been a "long neglected" area of diplomatic representation in the Caribbean.

The official said the Ministry realised that there was a need for a "physical presence" in many of the islands to strengthen the links between Barbados and the rest of the Caribbean.

Mr. Burke has had a long and distinguished career in the Barbados Public Service, having joined in June 1947 as a Customs clerk. He has worked in a number of Government Departments, which include the Cabinet Office, the Ministry of Education and first joined the Ministry of Foreign Affairs in 1967, being appointed a Senior Assistant Secretary here the following year.

Mr. Burke was posted to Washington in 1969 and remained there until 1973 when he was seconded to the CARICOM Secretariat in 1973 as director of this regional body's General Services Administration Division.

He returned to Barbados to take up the position of Permanent Secretary in the Ministry of Education in 1976.

DLP, BLP TRADE CHARGES OVER SITTINGS OF PARLIAMENT

BLP Position

Bridgetown SUNDAY SUN in English 14 Oct 84 p 3

[Text]

LEADER of the House of Assembly, Mr. Lionel Craig, has dismissed charges by the Opposition Democratic Labour Party (DLP) that Government has held few sittings of Parliament as "grand standing".

Mr. Craig said the ruling Barbados Labour Party (BLP), during its eight years of office, held more meetings of Parliament and passed more measures than the Opposition had done in its 15-year term.

In a release last week, the DLP expressed concern that since the end of May this year, Parliament sat on only two occasions. As part of their protest, the DLP held the first of a series of political meetings outside the precincts of Parliament on Tuesday night.

However, Mr. Craig contended there had been an agreement on both sides of the House of Assembly that sittings be adjourn until October 18, in order to facilitate repairs to Parliament and grant staff annual vacation leave.

He also noted that during the course of the last meetings of Parliament (September 4-11), and which were attended by members of the Opposition including leader, Mr. Errol Barrow, some 46 measures had been passed.

"I consider it highly improper and nothing else but political grand-standing by the DLP to accuse the Government of not holding meetings of the House of Assembly before October 16."

The House meets on Tuesday.

DLP Parliamentary Vigils

Bridgetown BARBADOS ADVOCATE in English 15 Oct 84 p 1

[Text]

Opposition Democratic Labour Party (DLP) Parliamentarian Dr. Richie Haynes has restated the party's intention to hold meetings outside Parliament unless it meets regularly.

Dr. Haynes made the point yesterday as he outlined some of the problems he has encountered in receiving his Parliamentary Papers, while adding his concern over Parliament having met for only two sessions between June and September. He said that no member of the Opposition

would have joined with Government in what he termed the "virtual abandonment of Parliament."

He said: "The DLP's position is quite straightforward; either Parliament meets on a regular basis to discuss the people's business or we will hold a public meeting every Tuesday night on which Parliament does not meet, outside the precincts of Parliament."

The Opposition DLP last Tuesday night held the first People's

Assembly" outside of Parliament at which Dr. Haynes along with Opposition Leader, Mr. Errol Barrow and other top-ranking members of the DLP spoke on current issues.

The House of Assembly is scheduled to meet tomorrow.

Dr. Haynes said yesterday that at the end of the June 5 sitting of the House of Assembly, House Leader, Mr. Lionel Craig had moved the adjournment of the House, sine die without any discussion with the Opposition. None of whom knew when the House would meet again.

After several weeks, he said, Opposition Parliamentarians read in a newspaper report that the House was supposed to be on summer recess.

The Opposition spokesman on Finance said that he waited for 10 weeks and cancelled his holiday arrangements on three occasions before he eventually left the island at the end of August and returned in mid-September.

On his return he said he found his Parliamentary Papers sitting on the floor of his car, something he did not notice before leaving the island.

He said they must have been placed there by an officer of the House, adding that his papers for tomorrow's sitting of the House were served in a similar fashion, but this time they fell on to the front seat of the car.

OIL PROBES SHOW POSITIVE FINDINGS AT ST PHILIP SITE

Commercial Reserves

Bridgetown THE NATION in English 3 Oct 84 p 32

[Article by Roy Morris]

[Text] **COMMERCIAL RESERVES of oil have been discovered outside the St. Philip oilfields for the first time.**

According to a top management source at the Barbados National Oil Company (BNOC), two out of ten wells drilled around the Scotland District have proved to have enough reserves to make pumping worthwhile.

The official named the wells as Canefield, St. Thomas, and Mose Bottom, near Hillaby, St. Andrew. Although he was not able to say exactly what quantities of reserves were available, he hinted they were significant.

Yesterday's disclosure was the first news of positive results since the Canadian company, Bow Valley Limited, completed a drilling contract for Petro-Canada International, the Canadian government corporation with which the Barbados Government has an agreement.

Wells were also drilled at Lower Parks (near

Dark Hole), St. Joseph; Saddle Back, St. Thomas; Bissox Hill, St. Joseph; Greenland and St. Saviour's St. Andrew; and in St. John.

Since the drilling programme was completed in August, information on tests and possible successes were kept secret by BNOC, with releases being made only by Minister of Energy, Senator Clyde Griffith.

So far, the two oil sites have been fenced in and pumps put in place.

A statement from the Ministry of Foreign Affairs, stated that Senator Griffith had expressed pleasure at the progress made by the BNOC as a result of the assistance of Petro-Canada International.

This followed discussions between Senator Griffith and Petro-Canada's chairman, Mr. Peter Towe.

Oil production in Barbados had moved from 871 barrels daily in 1983 to 1 850 barrels daily up to last month, Senator Griffith said.

This resulted in a slash in the country's oil bill from \$92.6 million to \$56 million last year.

Follow-Up Report

Bridgetown THE NATION in English 18 Oct 84 p 20

[Text] BENTLEY'S could be the site of a new oil field in Barbados if the tests now being carried out at the St. Philip site show a satisfactory yield.

Yesterday, Barbados National Oil Company (BNOC) personnel were on the site "cleaning up the hole" of a well that had taken a mere 14 days to drill, work having started two weeks ago.

Foreman on the production rigs, Mr. Philip Johnson, told the DAILY NATION yesterday, they were "running the hole with

charges". Meaning they were setting off explosive charges in the casing of the new well and monitoring the pressure.

Near to the well is a tank into which any flow of oil would be pumped and tested. The oil company spokesman said if they were satisfied with the yield, the site could become another oil field, with more rigs going up in the area.

Only Monday, Minister of Energy, Senator Clyde Griffith, is reported as saying the company

had produced 304 000 barrels of oil during the first six months of 1984, compared to 379 600 for 1983.

He said if local production could increase by over 400 barrels a day, Barbados would be able to produce all the gasoline and diesel it required.

Early this month, top management officials of the oil company revealed commercial quantities of oil were discovered around the Scotland District.

1985 SUGAR HARVEST TARGET THREATENED BY LOW RAINFALL

Bridgetown THE NATION in English 18 Oct 84 p 20

[Text]

UNLESS rainfall increases, the 120 000-tonne target for next year's sugar harvest will not be reached.

An official of Barbados Sugar Industries Limited (BSIL) said yesterday: "It is still too early to tell you how much sugar we will be able to get from the next crop, but what I can say for sure is that rain at this time is crucial.

It is crucial because it will affect the content of the cane, and in addition, this is the planting time for 1986, and a lack of rain will certainly create a problem.

"What would be good for the crop are some regular showers, about one inch each shower."

Recently, Minister of Agriculture, Dr. Richard Cheltenham, told a meeting of sugar technologists that 120 000 tonnes of sugar was a reasonable quantity to expect under normal weather conditions from an area of 35 500 acres.

NORMAL

Concerning preparations for next year's harvest, the sugar industry official said maintenance was going on at the island's sugar factories, as is normal for this time of year.

But, he added, there are no real extensive changes, since the maintenance programme has to reflect the "tight financial situation" of the industry.

Manager of Foursquare Factory, St. Philip, Mr. Pat Hutchinson said they are installing some "new headstock for the milling plant", but all the pieces have not arrived yet.

"We would like to have everything in place for next year, but if we don't, we can still have a smooth and efficient run with what we have. It will not affect our operations at all," Mr. Hutchinson said.

BRIEFS

CEMENT SHIPMENT—The Arawak Cement Plant, a joint venture between the Governments of Barbados and Trinidad and Tobago has made its largest shipment of cement since it began operations in May. A shipment of 2,000 tonnes left here Friday for Puerto Rico according to marketing manager of the company Mr. Vanburn Gaskin. He said an agreement was reached with a cement distributor in Puerto Rico and that it calls for 2,000 metric tons of cement this month and 4,000 tonnes each month thereafter. The contract could absorb 18 per cent of the company's production over the next 12 months. Mr. Gaskin said Arawak had received official certification from the Portland Cement Association in the United States and that it can now ship its product type one Portland cement to any part of the U.S. market. Last month the company exported 5,521 tonnes of cement to the Caribbean region. [Text] [Bridgetown SUNDAY ADVOCATE in English 14 Oct 84 p 1]

CSO: 3298/107

MILITARY PROMOTION, RETIREMENT SYSTEM ANALYZED

Santiago QUE PASA in Spanish 25 Oct 84 pp 12-14

[Article by Mariana Grunefeld E.]

[Text] It is a fact that no one wants to discuss the issue. Either simply because no one knows anything and there are just vague rumors (even in high government circles) or simply because those who do know something are directly involved...and perhaps any statement could affect them, even in connection with a promotion or maybe...retirement. There can be no doubt, however, that the complete silence among active and even retired army personnel stems mainly from unquestionable loyalty to the institution.

The fact is that the dynamics of national defense and security, the army's primary mission, makes its personnel practically impenetrable. Consequently, the issue of promotions, retirements and assignments is still a big mystery for public opinion, even for the army itself, except for the select group of evaluators [calificadores] who in the upper echelons are none other than the generals and ultimately the president of the republic himself.

Nevertheless, gathering information from here and there, both inside and outside the army, aided by the patient collaboration of Army Public Relations, which graciously agreed to an interview, we managed to ascertain the process by which the top army echelon gradually shapes itself into a solid pyramid.

The Filter

It was the recent appointments and assignments that brought the issue to the fore. After a series of last-page news items, the names of nine new brigadier generals were suddenly made public. Four of them assumed their posts in October, and the rest will one by one until 2 January of next year. Also announced were the retirement and new assignments of "four big boys." Maj Gen Osvaldo Hernandez, the current inspector general of the army, will retire and reportedly take over as intendant of the Metropolitan Region, replacing Brig Gen Roberto Guillard, who will reportedly be named head of the Chilean military

mission in Washington. Maj Gen Luis Danus will reportedly become commander in chief of the Fifth Army Division and intendant of the Magallanes and Chilean Antarctic Region, replacing Maj Gen Juan Guillermo Toro Davila, who will retire and reportedly be named to a post of the president's exclusive discretion (apparently an ambassadorship). Lastly, there were the ups and downs of Maj Gen Humberto Gordon, the director of the National Information Center (CNI); it was first announced that he would retire, but he was then confirmed in his post and rank until at least 1986. Moreover, he still enjoys the privilege of wearing his uniform even though he remains off the promotion list.

All of this is symbolic of what has often been called the "updraft" in the army: the peremptoriness of each rank, the pressure from the rank-and-file to fill vacancies and the extremely fine filter throughout a career in the military, through which only the best, 2 or 3 out of a class of 100, will pass and make general. This is not a vague, much less a random pathway. Thoroughly regulated (having the force of law since 1968 in the Armed Forces personnel bylaws), promotions and retirements are based on theoretically only one factor: evaluations.

Every soldier in the army is evaluated annually (the army's administrative year is from 1 July to 30 June) in a document that summarizes and assesses his professional performance. This service record is kept by the soldier's direct superior and is based strictly on clearly stipulated factors, "not on the subjective opinion of the evaluator," we were told. This is a complicated and touchy process, and it can even be dangerous, our sources mentioned, because it strongly influences army morale. The evaluators reportedly avoid creating resentment by trying to be fair and reconciling their views...

Our talk with Commander Gustavo Collao, the head of Army Public Relations, highlighted two fundamental evaluation factors: personal qualities and professional efficiency. The former, including loyalty, which is of prime importance, good judgment, discretion (a virtue that this article confirmed existed in abundance) and comradeship, are complemented by training, vocation ("the army is a way of life for one's entire life"), leadership qualities and initiative

Retired generals summarized these qualities as ethical (demanded of all ranks), intellectual (more important in higher ranks) and physical (though of course as one of them remarked, "a general doesn't have to be an athlete").

These particulars are rated on lists numbered 1, 2, 3 and 4, in other words, excellent, good, acceptable and unacceptable, respectively. We were assured that the great majority of personnel are on list 1, with a few on 2 and 3, and the rare exceptions on list 4, the ones who fall "off the cliff," that is to say, those who violate disciplinary regulations.

Signed by the evaluator, the document passes on to the officer's superior, who may or may not endorse it. Together with the background information from the Army Personnel Directorate, the document then moves on to the main evaluating agency: the Evaluation Boards. On the one hand, there are the junior officers boards (up to captain), which operate in each division and command, and on the other there is the so-called Superior Officers and Commanders Selection Board, which meets once a year at the Army War Academy. It is their momentous mission to choose the few from among the many who are called. The Selection Board is particularly important because it is directly involved with the top echelons of the army.

It Was Learned...

These strictly confidential sessions ("Not even our wives know about them") remain in the memory of only a few. Yet something always leaks out...Meeting on three occasions, the board decides on promotions, retirements and assignments for all superior officers. Consisting of all the generals, about 50, it does its first evaluations in August. Those who have been "treated unfairly" can always complain, of course, but few do, according to a source. The same board does its reconsiderations of each case in September. If they are accepted, the procedure concludes. If they are rejected, there is a third and final opportunity in October: the appeals tribunal, consisting of the commander in chief of the army (in this case the president of the republic), the lieutenant generals (the assistant commander in chief of the army, Julio Canessa, and Government Junta member Cesar Raul Benavides), and the major generals. They have the last word, although an informed source asserted that the commander in chief himself might make the final move.

It was learned that the generals, seated in a circle, evaluate orally by grade categories and that...here is where practice transcends the regulations. "There are just a few of us, and we all know each other," it was said. Hence, it is almost inevitable that personal considerations, such as wives or families, will be brought up. "No one is ruled out because he is bad, but rather because he is not as good as someone else," we were told confidentially. One's thoughts might turn to the influence of the political factor. Yet no one we interviewed mentioned it, and when they were asked, they categorically rejected the notion. "I don't think that there are either hardline or softline officers, and the generals especially are very loyal, faithful. They all support the policies that the president of the republic has charted for the political part of the transition," was the view of Herman Chadwick, a member of the Fourth Legislative Commission, which deals with the army and defense, among other issues. Chadwick also emphasized that "they are very professional and are much more concerned about the army than anything else." He thus rejected the idea that there is any dissent within the army; corroboration came from another source very close to the generals: "They all think the same; there is just one mentality." Nevertheless, someone claimed

that "some meetings are more secret than others," in other words, that certain officers are promoted with the backing of groups under them. The rest of those interviewed rejected this suggestion. Herman Chadwick once again spoke up, saying that "there is no support from secret groups. Perhaps there are memories of past radical governments...but they have not been around for a long time." Furthermore, we were reminded, the commander in chief of the army, the nation's president, is the only decision-maker. No papers are moved unless he moves them," we were told in a low voice. The question thus arises: Does the current commander in chief and president have an exclusive prerogative in deciding promotions, retirements and assignments in his branch?

The "Little Messages"

The responses were contradictory. Active-duty officers asserted that the Selection Board is not a deliberative body; it proposes, and only the president of the republic makes the decision. Other prominent military sources, however, among them Commander Collao himself, stressed that a vote is taken in the army. The public relations chief stated that the commander in chief is present at the start and the conclusion of the board session as the commander in chief, not as president; he addresses it and "casts his vote like any other general." Furthermore, according to what we learned from leaks, the evaluation procedure is oral, but if a "second discussion" is requested and no agreement is reached, each of the generals votes in secret, and the commander in chief's is just another vote. It was learned that this is how the institution proceeded in the past and that in the case of a tie, the commander in chief's vote counted double. No one knows for sure at present. In any event, one source asserted: "Votes are votes, but General Pinochet has the final word." Could it be that the generals indeed vote but that today their vote is not binding on the president?

We have to rule out any shadow of a doubt in the case of the generals. They are and always have been in the exclusive confidence of the president of the republic. Indeed, promotions have always been approved by supreme decree, though there is a difference today. They used to go through the Senate, with the resulting political interplay; today, in contrast, the Government Junta is not involved. Moreover, although the Selection Board has always regarded itself as sovereign in its sphere, under the constitution the president was and still is commander in chief of the army, navy and air force. The story so goes that former chief executives always sent their "little messages," but it adds that "it all depended on the character of the generals." There are stories galore, but they are being kept confidential, or at least not for public consumption.

Now then, if the nation's president, the current commander in chief, makes the final decision, from whom does he seek advice? Here we enter the realm of the hypothetical. Some names were suggested; the assistant commander in chief, General Canessa; Chief of Staff General Valdes, and the army inspector general, General Hernandez, are reportedly his main advisers. What criteria prevail? Seniority, honors and, of course, trust, a source indicated.

Retired Officers

The procedure is understandable, because a career in the army ends at year 30 at the rank of colonel. Anything higher (which everyone of course hopes for) is exceptional. It is here that the most tightly woven filter comes into play. It is a wait that has been dubbed the "fall into the well," because only 2 or 3 will be selected for the rank of general until they serve 38 years, at which point they must resign. But there are exceptions: Benavides, currently a member of the Government Junta, and for 2 months now Canessa, the assistant commander in chief. The so-called "Canessa law," which the government Junta approved in 23 August, was added in for the transition period. During this period "the general officers who are serving as assistant branch commanders in chief...shall enter total retirement when the respective commanders in chief so propose..." The decision had been made to take advantage of his services, it was stated at the time. Something similar but slightly different happened with Gen Humberto Gordon, the director of the CNI. Even though his retirement was announced officially, high-level sources indicated that "he will remain in the service at his rank; the only thing is that he will remain off the promotion list." The "updraft" in the army is apparently strong; others might rise on the list, but there is no desire to remove those who are on it.

Some, in contrast, have to retire. The president of the republic has the exclusive prerogative to assign posts, though this is more in the open and subject to controversy because government jobs are involved. One source indicated that retirement to take another post could well avoid resentment or an open split, inasmuch as "adding an R for retirement is always a harsh blow to a military man because it means losing his command." Others reject this interpretation. "It is not that a military career ends with an ambassadorship, as has often been said; it's just that some of the ones who retire are appointed to a position in the president's confidence," explained Herman Chadwick, who went on to say: "You could conclude that this is a way of expressing thanks, if you feel that that's what ambassadorships are for, but I think they're for doing work."

Be that as it may, army personnel and people who know them well said that they care more about their military career than government jobs. An example? General Guillard, who will reportedly resign as intendant and take over as military attache in Washington, an important post for his career because it will make possible future promotions. As Chadwick summed up, "they know that their career is in the army, not in politics."

Ranks of Army Officers

Probationary 2nd Lieutenant [alferez] (1 year)

Second Lieutenant (3 years)

Lieutenant (5 years)

Captain (6 years)

Major (5 years)

Lieutenant Colonel (4 years)

Colonel (4 years)

Brigadier (a title, not a rank; 1 or 2 years)

Brigadier General (formerly brigade general; variable number of years)

Major General (formerly division general; variable number of years)

Lieutenant General (not a rank, a recognition of an officer who has
served for 40 years)

Commander in Chief of the Army, who can adopt the title of Army General
or Field Marshal

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CSO: 3348/82

UF RISE EXPECTED IN NOVEMBER; INCREASED INFLATION FORESEEN

Santiago QUE PASA in Spanish 25 Oct 84 pp 30-31

[Text] The jump that we will see in the UF in November is contraindicated for cardiac patients. Various estimates are that the October consumer price index (CPI) will rise about five percent, the highest monthly rate in recent years, thus marking the return of the scourge that Chileans know all too well: inflation.

The signs are not at all promising. The wholesale price index, which largely anticipates the IPC trend, especially when there are sudden changes in variables such as the exchange rate and tariffs, posted a spectacular rise in September of more than seven percent. The nominal interest rate rose to 3.5 percent a month, while the nominal loan rate jumped to 75 percent a year. Although what theoretically matters is the real rate, discounting inflation, these increases have considerable psychological impact.

Rises in the CPI tend to be smaller in December. For seasonal reasons, the prices of a series of food items that are heavily weighted in the index tend to fall. We can thus expect a respite from inflationary pressures in December, unless expectations have gotten out of hand.

The most dangerous period will be the next few weeks, because they will determine the nature of the renewed inflation, that is to say, whether it is a trend that will gain momentum or one that will be nipped in the bud. The high rate of inflation will be strongly reflected in the UP's November rise and in the nominal devaluation of the peso, which is tantamount to saying that the dollar will climb four to five percent in value early next month.

The fears that economist Francisco Javier Labbe voiced are thus materializing. "Indexing the dollar to inflation fuels inflation. Over the next few months we will likely see more than just monthly minidevaluations. They will trigger further price increases..."

Moreover, the rise in the UF will jolt borrowers. Many of those who converted their liabilities from dollars into pesos will feel over the coming weeks as if they have gone from the frying pan into the fire, even though the exchange rate has unquestionably begun to

their advantage. If a law were passed under which people with mortgages from social welfare institutions would see their payments adjusted in accordance with the Readjustable Unit (UR), which follows the trend in wages and salaries, instead of the UF, only a small percentage of home buyers would be helped. If despite successive rollovers overdue mortgage payments to banks increased by more than five percent in August, we can only imagine what is happening now and what will happen in November. It does not take much insight, moreover, to predict that financial institutions will be prevented from offering attractive loans to potential buyers of homes or apartments.

If inflation reaches five percent in October, the interest rate on short-term deposits will have to rise to close to six percent; otherwise, there will be a massive movement of "savers" (Is this the name for those who commit their money for such short periods?) into other options. In the not too remote past the suggestion was put forth that the 30-day interest rate be set at a negative real level, to induce savers to commit their money for longer periods. The problem is that they might divert their money into dollars because in uncertain times few people are willing to tie up their money for more than 30 days.

To Tell the Truth

There are good reasons to complain at this juncture about the disadvantages of the UF indexing scheme.

The truth is that the UF is not responsible for inflation, in contrast to what many seem to think. Every country must have indexing mechanisms, but they must not be automatic and across-the-board when there has been a devaluation, because the aim of a devaluation is a change in the structure of relative domestic prices, not to have everything continue more or less the same on another level. This is the situation in which Chile finds itself today, and thus its indexing must be total in some cases, partial in others and simply nonexistent in the rest.

Although the UF is not responsible for inflation, it tends to fuel inflation when the latter resurges, starting a vicious circle. It thus tends to lend momentum to a cycle, and in the current economic situation this is not conducive to restrained expectations. Nevertheless, this is attributable to the way in which the UF is applied, not to the UF itself.

Take interest rates. How can interest rates be set at levels that are realistic but at the same time do not promote harmful expectations or reward depositors excessively? The October CPI might rise by five percent, but there are technical reasons to believe that it will fall sharply in November. Yet if we use the UF, we will have to set a nominal interest rate of more than five percent for a month in which inflation might be, say, three percent, because of the lag in the UF.

Everyone realizes what a rise in the nominal cost of money would mean amid a recession like the present one. The impact on production could well be devastating. The complaints that we have been hearing since mid-October will grow pathetic in the weeks to come.

One alternative would be to take the expected November inflation rate, instead of the October rate, as the reference for setting interest rates in November, offering to make up any difference to depositors in December. Such a suggestion might seem bold, but the times demand boldness.

In the case of mortgage loans, assuming that borrowers want to keep up their payments, the shift from the UF to the UR does not seem a bad option for the long term. Unless we are all convinced that Chile has no future, the normal thing is for wages and salaries to improve in real terms over more or less lengthy periods of time. We can thus expect that some time in the near future pay will begin to increase more rapidly than the UF. Mortgagors would then have to begin paying off their obligations more quickly. The problem is that until we get to that point, the government has to make up the difference so that mortgagors are not hurt, because then the entire system would collapse.

Would it also be a good idea to de-index the dollar? Better not even think about adjusting the exchange rate at a percentage lower than the monthly CPI. If we bear in mind how poorly copper has been doing, we better not even rule out international inflation. Remember that it is far preferable to devalue little by little, almost unnoticeably, than to do so all of a sudden.

Polynomial Adjustments

How would you like a polynomial adjustment of your income? The Public Works Ministry has popularized this odd expression. "We have concluded that it would be advantageous to modify the adjustment system based on the CPI in connection with existing contracts. It so happens that in construction the movements in the index do not reflect cost patterns. Hence, we have decided to use this new system, which better reflects the trends in the prices of various items that affect the budgets for public works contracts."

When the economic authorities announce a bracketed pay adjustment, they are essentially taking a polynomial approach. The assumption is that the recent price increases have hit the various strata of the population differently, striking harder at the poor. The poor will thus get an adjustment equivalent to 100 percent of the CPI, with declining adjustments as income rises.

It is hard to criticize this approach, which is the same as the proposal to adjust the lowest wages in accordance with the prices of a basket of absolutely essential items, not the CPI. The implicit assumption

is that inflation is higher in the case of the basket. Nevertheless, available research has shown that over the long run the CPI reflects the trend in the buying power of the poor quite accurately. It might not reflect the impact accurately from month to month, but over longer periods it is quite representative.

So then, it would not be a good idea to banish the UF; we need only change how it is applied, not to artificially stifle inflationary pressures but to prevent a vicious circle from starting.

In any event, any change in this regard demands that the government work out, in advance, a comprehensive income policy, a task that is still pending. Because behind all of this business of the UF, the UR, exchange rates, the preferential rate for the dollar, tariffs, moving out of dollars, bracketed adjustments, etc, lies a major question mark. How much will we Chileans have to give up because of the crisis and how will the burden be distributed. The question is an explosive one and has obvious political repercussions. The UF is just part of a broader problem that will not admit makeshift solutions for much longer.

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CSO: 3348/82

JOINT COMMUNIQUE WITH CAPE VERDE PUBLISHED

Havana BOHEMIA in Spanish No 39, 28 Sep 84 pp 74-75

[Text] In response to an invitation from the minister of foreign relations, comrade Isidoro Malmierca, a top-level delegation from the Republic of Cape Verde led by the minister of foreign affairs, First Cdte Silvino Manuel da Luz, made an official and friendly visit to Cuba from 7 September to 18 September 1984.

During his stay in Cuba, the Cape Verdian foreign minister held a fraternal meeting with Commander in Chief Fidel Castro Ruz, president of the Cuban Council of State and Government. He also transmitted the greetings of the president of the Republic of Cape Verde, comrade Aristides Pereira, to him.

The Cape Verdian delegation also met with comrade Jesus Montane Oropesa, alternate member of the Politburo of the Central Committee of the Communist Party of Cuba and chief of its General Department of Foreign Relations.

The delegation visited various sites and centers of economic, cultural and social interest.

In the course of the official talks, the Cape Verdian and Cuban foreign ministers exchanged opinions and points of view about the international situation and updated each other about the political, economic and social development of their respective countries.

Both ministers agreed on the analysis of the topics discussed and expressed their satisfaction in the high degree of understanding and friendship that characterize the ties between the two countries. At the same time, they emphasized the excellent prospects for bilateral relations.

The Cuban minister repeated Cuba's resolute support for the efforts that the people and the government of Cape Verde carry out to eliminate the sequels of its colonial past and the consistent way they establish the material bases for their development and well-being. He expressed admiration for the successes achieved in the 9 years since the proclamation of independence. These are the result of the correct application of the program and the political principles that always guided the fight for national liberation, inspired by the philosophy and actions of Amilcar Cabral, noble patriot and untiring fighter for the just cause of the African peoples.

The Cape Verdian minister pointed out the great accomplishments achieved by the Cuban people in the construction of socialism and the efforts they have had to make to reinforce their defense facing the threats and growing hostility of imperialism. He urged an end to the unjust economic blockade imposed on Cuba and the return of the territory of the Guantanamo naval base occupied by force and against the will of the Cuban people.

Examining the international situation, the two ministers reaffirmed once more the need to fight for peace and prevent a nuclear holocaust which would be disastrous for the survival of the human race. They also pointed out that it is indispensable to stop the dangerous arms race and fight resolutely for widespread and complete disarmament. Within this framework, they spoke out for a return to the road of detente, obstructed by the irresponsible position taken by the forces of imperialism in detriment to the fate of mankind.

Both agreed on the seriousness of the international economic situation that particularly affects the countries of the so-called Third World. Consequently, they reaffirmed their support for the measures presented at the Seventh Summit of the Movement of Nonaligned Countries, demanding urgent measures to limit the effects of the crisis in the developing countries and achieve a new international economic order.

Analyzing the situation in Africa, they paid particular attention to the situation of southern Africa, especially Namibia. They condemned the maneuvers of imperialism and the racist regime of Pretoria, aimed at delaying Namibian independence. They rejected every attempt to link the independence of the Namibian people with the withdrawal of Cuban internationalist troops from the fraternal People's Republic of Angola.

They emphasized the need to consistently apply Resolution 435 of the UN Security Council and observe other resolutions of the Movement of Nonaligned Countries and the OAU concerning the independence of Namibia. They repeated their support for SWAPO [South-West African People's Organization] as the only legitimate representative of the Namibian people.

The two ministers condemned South Africa's aggressive actions against the Front Line countries and Lesotho and demanded the immediate and unconditional withdrawal of South African troops from the Angolan territory they occupy, respect for the UN decisions, abandonment of Namibian territory and an end to the support that South Africa offers to the counterrevolutionary bands of UNITA [National Union for the Total Independence of Angola]. They reaffirmed their support for the valiant struggle of the South African people and their vanguard, the ANC [African National Congress], against the Pretoria government, exponent of such an opprobrious system as apartheid that persists with the support of imperialism.

Examining the situation in the Western Sahara, the ministers confirmed their support for the resolution of the 19th OAU Summit and others adopted by the Movement of Nonaligned Countries on that topic. They pointed out the need to hold direct negotiations between the warring parties, the Saharans and Moroccans, to solve this conflict. Also both ministers supported the struggle of

the Polisario Front for complete independence and national sovereignty and expressed their appreciation for the responsible attitude of the RASD [expansion unknown] to facilitate the application of the OAU decisions.

On the situation in Chad, the two ministers spoke out in favor of a solution that respects the legitimate interests of the Chadian people and observes the OAU resolutions on this.

Both ministers condemned the imperialist maneuvers and threats attacking the peacekeeping efforts in the African Horn in open contradiction to the interests of the peoples on the continent and the principles that govern relations among the member countries of the OAU.

The Cape Verdian and Cuban foreign ministers pointed out the importance of the OAU and its valuable role in defense of the legitimate interests of the African peoples against colonialism, racism and apartheid. They revealed their confidence that the OAU will know how to solve the difficulties that have affected it and once more be victorious against the enemies that try to divide the African peoples.

Discussing the situation in Latin America, both ministers confirmed their strong condemnation of the aggressive policy of the reactionary and destabilizing forces against Central America and the Caribbean. At the same time, they emphasized their endorsement for the just cause of the peoples who fight against the neocolonial and imperialist domination and expressed their firm solidarity to them. They also revealed that they were deeply concerned about the dangers hovering over the revolutionary process of Nicaragua including violations of its borders, mining of its ports, bombing of its cities and the maneuvers and attacks of the counterrevolutionary bands. These have resulted in increased possibilities of direct military intervention against the Nicaraguan people and the subsequent worsening of tensions in the region.

The two ministers agreed that the solution to the Central American conflict must be found through negotiations among all the interested parties based on respect for the principles of self-determination, nonintervention and the sovereign equality of countries. They expressed their support for the negotiations of the Contadora Group to achieve a just political solution and saluted the positions expressed by the Nicaraguan Government and the Salvadoran revolutionaries during these negotiations.

Both ministers condemned the aggressive policy of imperialism, demonstrated with particular harshness during the invasion of Grenada. They demanded the unconditional withdrawal of U.S. troops from that country.

Discussing the situation in the Middle East, both ministers reaffirmed that it will be impossible to solve the crisis until Israel withdraws its forces from Arab territories it has occupied since 1967 and until the legitimate rights of the Palestinian people to create their own independent state under the leadership of the PLO [Palestinian Liberation Organization], their only legitimate representative, are recognized.

The ministers indicated that Israel's aggressive and expansionist policy is the basic cause for the worsening of the situation in the Middle East, especially in Lebanon.

The two ministers revealed their concern about the continuing confrontations between Iran and Iraq and again exhorted both countries to make the necessary efforts to achieve a political, just and honorable solution to that conflict. This would benefit both countries and would help strengthen unity within the Organisation of Nonaligned Countries.

The ministers pointed out the importance of the Movement of Nonaligned Countries and the influential role it plays in the international arena.

They agreed that firm adherence to the principles and objectives of the Movement of Nonaligned Countries and close cooperation among its members are the best guarantee for this organization to continue the fight for peace and development. They saluted the agreements of the Seventh Summit of the Movement of Nonaligned Countries and issued an appeal to all the members not to let up in the task of putting them into practice.

Both ministers were happy about the excellent results of the Cape Verdian foreign minister's visit to Cuba and the fraternal and friendly climate that characterized the talks. This unquestionably contributes to the strengthening of the bilateral relations that unite the peoples and governments of the Republic of Cuba and the Republic of Cape Verde.

Minister Silvino Manuel da Luz expressed his deep gratitude to the Cubans for the warm and fraternal hospitality he received during his stay in Cuba and invited comrade Isidoro Malmierca, minister of foreign relations, to visit Cape Verde whenever it best suits him. This was accepted with pleasure; the date will be set soon.

[Signed] Isidoro Malmierca

Minister of Foreign Relations of the Republic of Cuba

[Signed] Silvino Manuel da Luz

Minister of Foreign Affairs of the Republic of Cape Verde

17/10

CDL: 1248/78

'ALTERNATIVE' NEWS MEDIA CRITICAL TO LATIN AMERICA IDENTITY

Havana OCLAE in Spanish No 5, 1984 pp 5-7

[Article by Enrique Lopez Oliva, professor of Religious History in America at the Universidad de Havana and member of Commission for the Study of the History of the Church in Latin America: "Attack on the Mind"]

[Text] The mass media assume an increasingly important role in the sociopolitical and cultural life of society. There are now more than 30,000 radio stations, more than 1.3 billion receivers and more than 500 million televisions in the world. Every day 8,200 newspapers are published with a circulation of more than 440 million copies. There are also tens of thousands of other periodicals and a daily release of 1,800 new book titles. Specialists on this subject talk about an "information explosion" in the last three decades. The question arises: Has this "information explosion" really opened the way for objective information for the large masses in world society, especially the popular classes?

It is true that there has been notable progress in the technical sphere of communications as in printing. The scientific-technical revolution now facilitates possibilities of communication barely dreamed of in the last century. At the same time, new possibilities for instant influence over an enormous audience have been opened. The large capitalist powers, headed by the United States and the business circles, make great efforts to intimidate the large masses, making them tractable and influencing their political opinions, tastes, desires and aspirations. Resorting to the most sophisticated means, they attempt to violate the conscience and will of men and impose opinions, decisions and certain social acts on them.

When the coalition of rightist forces headed by President Ronald Reagan came to power in the United States in 1980, the ideological battle in the sphere of communications and the efforts to impose U.S. hegemony on the world intensified notably. Today we can speak of a "journalistic terrorism" against the forces for peace, progress and the liberation of the peoples. The battle for mind control has reached an unprecedented level with a violence similar to the eve of a world war.

Alternative Communications

The power of information in our society, a society we can call "informed," is notable since the mass media guide and manipulate human behavior to a great extent.

The problem not only includes the domination exercised over mass media but extends to other key information means for development like computers. A specialist at CENDES [Development Studies Center] of Universidad Central de Venezuela, Judit Sutz, stated: "Information is imported massively in many cases and always as a solution imposed by the manufacturers of the equipment with the subsequent sequel of irrationality and lack of control. Computers proliferate in public administration, the bank systems and the universities with a political and social impact of growing importance."

We are not going to focus on this other aspect of great importance. We will only note that, in this field, there are exporters of "raw data" and importers of "processed data." This area acquires increasing importance for finance and international trade leading to dependent consumers reinforcing the dependency through more and more sophisticated technologies. An examination of the continent shows that the countries of greater economic potential are, at the same time, the most penetrated and dominated by U.S. multinational corporations.

Facing the sociopolitical implications of the new technologies and increasingly sophisticated mechanisms of domination, variants based on different social levels and from different ideological and political perspectives appear.

Chilean researcher Raquel Salinas Bazcur noted that a variant has been introduced in recent years "that is becoming the idea-force of a new stage: the concept of alternative communications." The Chilean researcher still considers this confusing with "many definitions that are not always compatible."

What does alternative communications consist of?

To the Chilean researcher, many "alternative communications" projects do nothing but reproduce, under a different label, the basic plan of pseudocommunication; the receivers continue to be receivers, passive and manipulated. The value of the information disseminated by alternative networks must be demonstrated and mechanisms must be created so that the users become generators of information.

Popular organizations, circles of progressive intellectuals, various base communities (religious, women's, neighborhood committees, peasant communities, etc.), student associations, progressive journalists, social researchers and others have been developing different mechanisms of mass communication, some even connected with alternative political projects--that is, in favor of a social, political and economic change.

Alternative communications are a necessary response by broad popular sectors to the information manipulation of the so-called "large press" and the multinational news agencies. In recent years a protest movement in the information

field has appeared in the Third World countries. Today it offers an information perspective more in keeping with popular interests. We can cite SALPRESS [expansion unknown], Nueva Nicaragua (ANN [New Nicaraguan News Agency]) and ALASEI [Latin American Agency of Special Information Services] as well as a number of centers to defend human rights that evaluate events based on their effect on the popular masses.

Also in recent years pertinent research institutions and "Centers for Systematization of Information" or "data banks" have appeared. They offer their services to progressive groups although many of these new institutions face economic limitations. If they suddenly receive resources from mysterious "foundations," they then become aligned with the dominant system.

Topics like the situation of the Indians, hunger and food policies, female participation and problems, arms trade, ecological problems aggravated by the irrational exploitation of nature by the large multinational corporations, urban problems (shanty districts, etc.), union and peasant movements, youth problems, popular organizations in general, popular culture, human rights, economic problems of the popular sectors, etc., are covered by these institutions.

Some reveal that their intention is to offer "alternative information, understood as that which originates directly in the popular sectors. Due to its classist nature, it does not usually have diffusion in the mass media controlled by the bourgeoisie. It is also that which is produced in the bourgeois media but subjected to a process of decodification and recodification based on the classist concept of society." This was stated by a Christian center of this type: CENCOS [National Center for Mass Media] in Mexico.

Theoreticians--who already work in this field--of "alternative information" maintain that "the rules of the game in manipulating information and alternative communications are different from those for simple professional journalistic operations. It takes a long time to win the confidence of the popular sectors but it can be obtained easily because of incorrect handling of known information or its superficial treatment isolated from its context."

Other sources say that their objective is not to follow "political events" from a perspective of "palace intrigues" or the so-called "high politics" but to present events from a perspective of "the life of the peoples." They show how the different events have impact, change or influence the lives of workers, peasants and urban dwellers. They are interested in serving as channels for the "voiceless" sectors, presenting testimony from the bases through articles and interviews that reflect the lives and struggles of the people, especially the poorest and most oppressed.

We are in a struggle today that involves "the defense of the Latin American cultural identity facing a growing multinational cultural invasion," according to the final declaration of the Latin American Seminar on "Church and the New World Order of Information and Communications." It is a struggle for a new order of relations, for an in-depth and real change in structures, to put an end to the mechanisms of domination and open up a world of peace, justice and human coexistence.

The struggle against the imperialist domination over mass communications is part of the struggle for the liberation of the peoples and for the construction of a more just and human society where there are no oppressors or oppressed.

7717

CSO: 3248/68

CHRISTIAN STUDENTS MOVEMENT ACTIVITIES PROFILED

MEC, Other Ecumenical Groups

Havana OCLAE in Spanish No 5, 1984 pp 37-39

[Interview with Nacyra Gomez Cruz, president of the Christian Student Movement (MEC) of Cuba, by Carlos Font; date and place not given]

[Text] The constant activity of Cuban Christian students demonstrates the complete religious freedom existing in the country and their commitment to the creative work of the revolution. On these and other topics, Nacyra Gomez Cruz, president of the MEC of Cuba, speaks to us.

In a building in the centrally-located district of Vedado near the Havana sea wall are located the central offices of the Christian Student Movement (MEC).

We went to the offices to speak with the organization's president, Nacyra Gomez Cruz, and inform our readers about the operation, objectives and main activities in which the Movement is now engaged.

"The MEC of Cuba was officially set up in 1960," she explained, "deriving from the Evangelical Association of University Students. It was not until after the triumph of the Cuban Revolution that an ecumenical movement of this nature was organized, answering the need and aspiration of the Cuban Christian student to project himself in a new dimension and express himself totally as a believer responsible for the historic, revolutionary times in which not only Cuba, but our continent and the whole world are now living."

Nacyra joyfully and eloquently refers to the national structure of the MEC. "Our Movement is headed by an Executive Committee and a Secretariat, on which are represented the territorial coordinators which guide the 12 rank-and-file working groups existing throughout the country.

"Its membership is made up of young students and workers from 14 different religious denominations, both Protestant and Catholic, who have identified with the objectives of the MEC and express their faith in Jesus Christ in a dynamic manner, joining the struggles of peoples for their liberation and for the reign of justice and peace for all mankind."

This young woman, who has headed the MEC since its National Assembly held in December 1981, works for the Sports Directive of the Plaza municipality in Havana City, where she is coordinator of relations and propaganda. She is also a member of the Continuation Committee of the Christian Conference for Peace in Latin America and the Caribbean.

"There have never been contradictions between the practice of faith and my social participation," she emphasized.

"Young Cuban Christians have complete freedom to profess our faith through specific actions inside and outside the churches. In the early months of 1984, we held activities in all the local coordinations for Student World Prayer Day, on occasion when young 'preachers' occupy the pulpit in the churches, along with national events commemorating International Women's Day and the Attack on the Presidential Palace, an action staged in 1957 by the Revolutionary Student Directorate against the Batista dictatorship."

The president of MEC added that in July, following the holding of workshops in local organizations, there will be an International Training Seminar with the participation of Christian student leaders from several Latin American and Caribbean countries, who will meet for a week at the Matanzas Evangelical Theological Seminary in order to analyze theological and cultural aspects of the development of the Cuban Church, as well as the Church and international problems.

"This year our general theme is Cuban Christian Youth in search of its prophetic dimensions, based on the book of Micah and the Gospels. For some time now, we have been promoting a program of biblical, theological reflection entitled 'The Bible and Us Today,' seeking to achieve a relationship -- Faith and Practice -- between young people from all churches, in order to promote genuine Christian spirituality that responds to God's requirements, one of which is expressed in the challenges we young people have of participating in the effort to free our people and the search for justice for all men.

"The Christian Student Movement of Cuba is currently doing joint work with other ecumenical youth groups, such as the Latin American Ecumenical Youth Union (ULAJE), the Youth Department of the Ecumenical Council of Cuba and Baptist Student Workers Coordinating Committee (COEBAC), in order to achieve the unity of Christian youth throughout the country. On the international level, work is being done in coordination with ULAJE and the Universal Federation of Christian Student Movements (FUMEC), whose headquarters are located in Geneva, Switzerland, and of which MEC is a member.

"In this sense, we are also working on a National Cultural Committee, aimed at promoting liturgical renewal and thus help to unify and update our religious expression."

The effectiveness of all the work done throughout the year, Nacyra said, "will be evaluated at assemblies of each local group, concluding in the month of November with the holding of the National Assembly of MEC, which will coincide with our first festival of musical, dramatic and literary groups.

Our conversation then turned to the subject of publications. On this point, we spoke with Enmanuel Gonzalez, communications secretary of MEC.

"Our movement has several publications," he said. One of them is the periodical ENCuentro, which is put out on a quarterly basis with materials written by young people from local groups and pastors. They reflect the internal life of MEC and the tasks of Christian students in other parts of the world.

"We have the printing press of the Christian Conference for Peace in Latin America and the Caribbean, located in Matanzas and named after Augusto Coto, the Salvadoran Christian leader who died in the liberation struggle of his people. There we publish the periodical, along with other propaganda, statements and the national bulletin NIKE, which reports on the daily activities of the ministers."

Finally Nacyra said that MEC has been a breeding ground for leaders of the ecumenical movement on a national and continental level, along with FUMEC and the World Council of Churches.

"This is a demonstration of what MEC signifies and of the maturity and absolute integration of its members both into the life of the Church and society."

FUMEC Resolutions Noted

Havana OCLAE in Spanish No 5, 1984 pp 41-42

[Article by Enrique Lopez Oliva]

[Text] The Universal Federation of Christian Student Movements (FUMEC), which brings together young people from the different Christian churches, is now active in Latin America and the Caribbean promoting the reconstruction of national movements and solidarity with peoples in the region.

FUMEC's Latin American Student Committee recently met in Puebla, Mexico, to "reflect seriously on the present and future of the Federation" in Latin America, as well as on the attitude of young Christians toward the main problems affecting peoples on the continent.

Delegates from 15 countries participated in the meeting, whose main efforts were aimed at the reconstruction of national movements and the drafting of both policies and work plans for the next two years. As priority areas of interest, the delegates chose human rights, solidarity, women, education, theology and ecumenism.

FUMEC, which was formed in 1895 in Europe and which was one of the first ecumenical organizations (the association within a single organization of Christians from different churches) after World War II and within the framework of the so-called "cold war," distinguished itself by its commitment to peace and co-existence, as well as its solidarity with peoples fighting for national liberation, mainly in the Third World.

Bringing together young Christians of different religious denominations, FUMEC emerged at the close of the 1940's in Europe to promote active work on other continents, especially Latin America, Africa and Asia.

As an ecumenical organization grouping young Protestants and Catholics, FUMEC has in recent years concentrated its work on the ministry among young students and the academic world. On the world level, many members have participated in other ecumenical religious organizations, even some that have occupied outstanding positions in the World Council of Churches (CMI).

FUMEC is a member of the United Nations and UNESCO in category B, as a non-governmental organization. It also participates as an observer in meetings of the International Union of Students (UIS) and the Continental Organization of Latin American Students (OCLAE), along with other student and youth organizations, whether religiously affiliated or not.

At the present time, FUMEC has movements in over 100 countries and has an inter-regional office in Geneva, Switzerland, along with offices in six regions: Asia-Pacific, Africa, Europe, North America, the Middle East and Latin America-Caribbean.

The regional office of Latin America-Caribbean is now in Mexico City, from which it coordinates the work of 14 national movements. On the continental level, FUMEC is a founding member of the Latin American Council of Churches (CLI) and the Latin American Ecumenical Coordinating Council (CEL).

At the Assembly of Latin American National Movements of FUMEC recently held in Puebla, Mexico, resolutions were passed including one supporting "the heroic people of Nicaragua and Christians identifying with the poor" and condemning "military and economic aggression against the Nicaraguan Revolutionary Government."

The assembly of Christian students of Latin America called on "all churches and ecumenical movements in the world and on all men and women of good will to reaffirm their militant solidarity with the Nicaraguan people."

A statement was also issued condemning "the military maneuvers which the American Government is staging off the Atlantic and Pacific coasts of Central America, which endanger peace in the region."

The Regional Student Committee of FUMEC manifested its "support for efforts made by the Contadora Group" for a political solution to problems in Central America" and manifested its solidarity with "the heroic Chilean people" and their efforts toward democracy.

It also asked for support for the peoples of Cuba and Nicaragua and especially the people of El Salvador, who are suffering the consequences "of a dictatorship that has American economic, political and military support."

Finally, the Christian students of Latin America asked for solidarity "with all peoples of Latin America and the Caribbean which, under different national

conditions, are the target of the looting of their national resources by the transnationals and native oligarquies, in most cases through bloody dictatorships of economic pressure to maintain the situation of misery of the people."

"We believe that the Church has an important role in the historic times in which Latin America is living," said the current regional secretary for Latin America-Caribbean, Salvadoran Baptist Hugo Magana, who emphasized that "in this process, FUMEC is one of the areas in which young people can reflect on their responsibility in the light of the Gospel."

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CSO: 3248/67

GOVERNMENT'S PARALLEL MARKET FOR STAPLES PROVOKES CRITICISM

Random Marketplace Poll

Managua BARRICADA in Spanish 27 Sep 84 p 7

[Text] In the districts of Sierra Maestra, Edgard Munguia, Rene Cisneros, Monsenor Lezcano, Edgard Lang, San Sebastian and others, there is widespread discontent because of the recent measures announced by MICOIN [Ministry of Domestic Trade] to allocate part of the eight basic products to the supermarkets.

As soon as it was learned that they would be on open sale in those establishments, many people went there. However, deception was noted on some faces because of the very high prices, similar to those at the Mercado Oriental.

The prices were the same at all the supermarkets visited: a liter of oil, 80 cordobas; toilet paper, 35 cordobas; a 5-pound jar of Nido milk, 320 cordobas; a family bag of detergent, 200 cordobas; a bar of soap, 16 cordobas; and 4 pounds of sugar, 36 cordobas.

Alejandro Padilla from Monsenor Lezcano district stated that his family has not had powdered milk for more than 2 months. He was shocked when he saw many jars of Nido milk--but at 320 cordobas--at the Linda Vista supermarket.

He stated: "I agree that it should be sold in the supermarkets but not at such high prices. It doesn't help if it is cheaper in the stores but we cannot find it there."

Raul Paniagua viewed the matter differently. He said: "There is no problem with them selling everything." However, he stated that his wage is very low and, with the new prices, he does not have the economic wherewithal to shop at the supermarket.

When Audilla Centeno who lives near the Montoya Statue was asked about the new prices in the supermarkets, she said: "I don't understand what is happening in MICOIN. Several months ago they assured us that we would have all the products at official prices. Now it results that they are the same here as at the Mercado Oriental."

It does not matter to Maria Fuentes from Monsenor Lezcano district where she buys the products since "they don't give me enough at the store; I must buy elsewhere."

She added that this measure does not benefit the people at all. The only thing she understands is that it will be a hard blow for the speculators at the Mercado Oriental.

Jose Ricardo Villalta Gomez, a resident of San Sebastian district employed by the Managua Reconstruction Council, was a little upset. He regretted that they do not distribute toothpaste, powdered milk or toilet paper in his district at the proper times. Referring to sales in the supermarkets, he commented: "This especially affects us workers who earn little."

We found Ramona Gonzalez Sotelo from Cristo del Rosario at the Linda Vista Supermarket buying a jar of Nido milk. She felt: "They are fulfilling their promises here but not as we expected."

Fanny Hernandez, a mother of two, and Ensily Mendoza who has one daughter, both from Camilo Ortega district, were upset because last week only three cases of milk were delivered to their district. It was not enough for all the young children in that district. Now there are many cases in the supermarkets.

They asked: "What good is it if there is milk but the prices are high? It is fine for it to be on open sale but that is not good for us poor people. It would be better if they sold it in the stores," Fanny felt.

Maria Ignacia Palacios from San Jose Oriental district and Nelly Palacios from La Cruz district agreed that the prices are very high and MICOIN must guarantee distribution in the districts through secure channels.

Other buyers we found in the supermarket included Agustin Amador, a resident of Altamira, and Arnulfo Silva from Santa Ana district. They commented that the products that are in the supermarkets now should have been distributed through secure distribution channels at official prices.

Store owners like Maria Delfina Cruz and Jose Murillo Saravia of Edgard Munguia district reported that they are receiving the quota established by MICOIN but it is not enough to take care of the population in the district.

Maria Delfina said that many mothers have complained to her because they do not receive enough oil and toilet paper. She stated: "What is being sent to the supermarkets should be sent to the districts to benefit the poorest people."

Jose Murillo said that he has not gone to the supermarket to shop but some residents have already asked why MICOIN made that decision. He felt: "It is necessary to supply the stores first and then the supermarkets."

Elba Maria Salinas, owner of a store in Rene Cisneros district, said that MICOIN is guaranteeing her the eight basic products. However, there are products like batteries, eggs and toothpaste that she has not received for at least a month.

She said: "The people would be happier if what they sent to the supermarkets were received at the stores because the prices are lower. No one has explained to us why they give us so little."

COSEP Charges Government Hoarding

Managua LA PRENSA in Spanish 29 Sep 84 p 3

[Statement by COSEP [Higher Council of Private Enterprise]: "And Economic Planning?"]

[Text] We have observed recently that the strict control of prices and distribution preached by the state for several years has been relaxed due to that so indisputable truth that you cannot cover up the sun with one finger. In this case, it applies to the economic laws.

First came the speech by engineer Marengo, minister of domestic trade, to the Council of State 3 months ago. He offered greater freedom of action to the mechanisms of supply and demand, promising a better supply for the consumer through the liberation of prices, letting prices find their point of equilibrium. Then came the rationing of eight basic products.

The MICOIN Ministerial Agreement appeared on 19 September regulating the marketing and prices of 56 indispensable--and invisible--articles. These ranged from machetes and nails to candles, thread, cloves, cinnamon, tumeric, shoe polish, combs, etc.

Parallely we saw how thousands and thousands of pounds of cheese, potatoes, chickens and onions were thrown in the garbage. The state, as an excuse, continued its rhetoric in which it condemned the hoarders, speculators and intermediaries in general, accusing them of all the evils, particularly the shortages, scarcity and expensiveness.

On 25 September a parallel supply of basic products that allegedly did not exist appeared in the supermarkets "of the people." They were being hoarded by state organisms and being sold at black market prices. In other words, this state rhetoric condemned the conduct of the state itself.

Everywhere people ask today if the government measure would only worsen the shortages, speculation and the rising cost of living.

The government has continually stated that the objective of these economic regulations is "to hurt the speculators." However, the only things hurt are the purses and stomachs of the people in their double role as producer and consumer.

On 25 September milk for children and other products that are not found in the famous "popular" stores appeared in abundance at black market prices.

It is curious that the black market prices at which MICOIN is selling legalize the black market that it allegedly fights since these are not the obligatory official prices that this ministry has fixed.

The truth is that these simplistic disturbances introduced by the government, affecting the basic principles of economic development, have provoked a painful

economic situation for all Nicaraguans. The economic laws do not depend on the desire or conscience of the governors or those governed.

All those actions that hinder the flow of supplies, affect the desire to produce efficiently and undermine the necessary tenacity to create wealth, alone or with deliberate disturbances of prices and/or channels of distribution, can do nothing more than create a permanent shortage.

In Nicaragua the state wanted to ignore or suppress the laws that govern supply and demand and the prices of products. The only consequence has been widespread shortage to the extent that EL NUEVO DIARIO recently stated in two editorials that the controls (the medicine) have been more expensive than what was to be corrected (the disease). EL NUEVO DIARIO said that enterprises have been created "of questionable effectiveness which add one more chain of gratuitous intermediaries. The results are frankly counterproductive. The product reaches the consumer with the surcharge of one intermediary more, etc." In another editorial the same newspaper said that the result has been the creation "of a real industry of the most unjust intermediaries" whose destruction was the alleged object of so many laws, obstacles and controls.

The state must play an important role in our economy. Its basic mission is to watch over and insure that supply and demand are adapted to benefit the interests of all the economic factors of society. The law of supply and demand cannot be suppressed by decree. They have not been able to suppress it for 70 years in the USSR, for 25 years in Cuba or in any economy that has tried such nonsense. They will not be able to suppress it in Nicaragua.

Managua, 29 September 1984
COSEP

CDS Demands Explanation

Managua BARRICADA in Spanish 30 Sep 84 p 16

[Text] MICOIN yesterday faced the CDS [Sandinist Defense Committees] during the assembly held in a local theater to explain the current supply situation, mainly the case of the supermarkets. "They caught us from behind with our hands up" was the expression of the CDS members when they complained to Cdte Ramon Cabrales, deputy minister of MICOIN, about the measure taken to liberate the prices of some products in the supermarkets.

More than 1,000 members of the district committees, popular inspectors and representatives of the national and regional executive committees of the CDS heard Cabrales' explanation. They talked with him for almost 2 hours.

"We had the right to receive this explanation," said a popular inspector from the Altagracia district. Emilia Bravo from Duacuali district indicated: "This speech should be repeated in all the mass media so that the rest of the population understands the situation well." Miguel Martinez from Primero de Mayo criticized: "They should have proceeded like they did with the Consumer Law which we knew about beforehand." Pedro J. Hernandez indicated: "Now that we understand the problem we feel refortified."

Cdte Ramon Cabrales noted that the supermarkets took in 9 million cordobas in 5 days. "The government policy is to withdraw money in circulation which has been making prices go up. Instead of remaining with one person, the treasury gets it to continue subsidizing basic grains, transportation, etc."

Not to Benefit Anyone

"The parallel market is not for personal benefit but to benefit the rest of the consumers of the country who will continue receiving subsidies for products in the secure distribution channels," explained Cabrales.

Cabrales indicated that the real prices of products are at the Mercado Oriental due to the increase of production prices which the revolutionary government has been subsidizing.

Cabrales, in his long speech, explained the historic economic situation of the country dependent on a capitalist structure in which the future harvest was sold and which had monetary financing from sources like the IMF and the Inter-American Development Bank.

He noted: "The economic blockade imposed by U.S. imperialism now forces us to sell our products at lower prices and the loans require advance payment of interest in dollars." He added that the country needs \$1 billion in foreign currency and only has \$420 million.

Referring to the effects of the war of attrition, he mentioned that the 1984 national budget was 15 billion cordobas, allocated mainly to health and education. However, he said that as the destruction in infrastructures recrudesces and new methods of defense are needed, "the little machine to make money went into action, raising the fiscal deficit."

Monster: 8 Billion

A mass of money in circulation--more than 8 billion cordobas--is circulating among the Nicaraguans, 70 percent with tradesmen. "A lot of circulating currency in the pockets of consumers makes it necessary to increase the prices of most limited products," Cabrales indicated.

He indicated that the Government Junta's plan is to withdraw the circulating currency to alleviate the pressure on scarce products, not leave the money in the hands of the tradesmen. "A new social sector, the tradesmen, is showing up in our economy. They could be called the new economic bourgeoisie of the country," he said. He noted that there are eight retail markets with 23,247 tradesmen. Almost 10 percent of the population of Managua is devoted to this activity: 502 in the wholesale market with another 30,000 owners of grocery stores, snack bars, etc. Also there are 88 butcher stores, 121 fruit and vegetable stands, 107 chicken and egg stands and 20 dairy stands. Cabrales noted: "In other words, of every 100 inhabitants in the country able to produce, 60 are involved in commercial activities."

Secure Channels

Talking about the quantity of products in the supermarkets, Cabrales stated that the volumes delivered to the supermarkets were lower than those to the stores and commissaries or direct purchases at the factories. For example, Nestle only sells 30 percent of its production to MICOIN and the rest on open market to its wholesalers.

He mentioned that a reorganization is being made of products allocated to hotels, dining rooms and commissaries since many of these products have shown up at the Mercado Oriental. He stated that the idea is that the time has come when, through the supermarkets, "we can lower the prices of products at the Mercado Oriental."

Finally, Cabrales recommended aiming efforts at the creation of family gardens, exercising greater social control over distribution in the stores and recalling "that this will be our sacrifice in the rearguard of the war fronts."

MICOIN Defends Parallel Market

Managua BARRICADA in Spanish 10 Oct 84 p 3

[Interview with Cdte Ramon Cabrales, deputy minister of MICOIN: "Positive Results Against Speculation"; date and place not given]

[Text] The Monday before last, the shelves of the supermarkets were suddenly filled with different products that had been scarce. Their prices were similar to those on the black market.

Immediately the people began to ask the reason for such a measure and where those hard-to-find products came from which appeared in the supermarkets. They were at prices accessible only to certain sectors of the population.

The reactionaries did not wait to make their attacks, contradicting many of their past arguments against rationing and the use of cards. They began to accuse the state of being a speculator and even defended the system of supply through cards.

The questions still persist although those who go to the supermarkets comment favorably on the measure and, for the first time, a downward trend in the prices of several articles of popular consumption was seen both on the black market and the parallel market.

In search for answers to the concerns of the people, BARRICADA interviewed Cdte Ramon Cabrales, deputy minister of MICOIN. He discussed the reasons for the decision by the revolutionary government to implement a parallel market and reported on the preliminary results.

BARRICADA: What is the reason for the state's decision to participate in the parallel market through the supermarkets?

Labriles: The state decided to apply a differentiated price policy for the higher-income sectors that shop at the supermarkets after guaranteeing the supply of various basic products at official prices through the so-called secure channels.

In that measure, the parallel market is a reflection of a mixed economy. Although the people in general can obtain a quota of the articles of prime necessity in the official stores, those who want to and can afford more than that quota can buy them in the parallel market at certain prices.

Brake on Speculation

The state thus competes with the black market with the objective of keeping the prices from going up continually. Also it will take profits away from the speculators by attracting part of the great mass of circulating currency that they were getting.

It is necessary to recall that due to a limited supply of products, part of which was guaranteed to the people at controlled prices, and because of the considerable increase in demand, unscrupulous businessmen have increasingly hoarded and speculated on articles of prime necessity.

BARRICADA: Why is it said that this measure is going to benefit the popular sectors if those who can pay the new prices at the supermarkets are the higher-income sectors?

Labriles: The circulating currency attracted through the parallel market will help finance supplies through the secure channels, for the worker dining rooms and also the pensions of the war fronts.

It is not the same for a consumer to pay a speculator who will become rich and to pay the state in order to contribute through it to guarantee food, for example, to the soldiers who defend the Fatherland.

Also the subsidies on various products that have continued, not only for storage and transportation costs but for production costs themselves, will be supported with the profits from the parallel market. One clear example is beans. Their price to the consumer has remained the same in spite of the fact that the price to the producer was increased.

State Inherits Revenue Toward People

It is not the same to speak of a tradesman who becomes rich at the expense of the poor people and the state that recovers circulating currency in the supermarkets where more comfortable sectors shop. It benefits the people with that revenue. That is not speculation at all; it is, on the contrary, one more way to fight against speculation.

BARRICADA: It is said that the prices on the black market went up even more when the tradesmen brought at the supermarkets to resell later at higher prices. Is that true?

Cabrales: That occurred at the beginning. The tradesmen tried to empty the shelves of the supermarkets and put very high prices on products like powdered milk. However, this maneuver failed because the shelves filled up again and the people preferred to pay the supermarket price.

It should be pointed out that this is the first time that the prices of several products have gone down both on the black market and in the parallel market. This begins to slow inflation down. For example, powdered milk went from 350 cordobas to 330 per can on the black market while in the parallel market it went down from 320 to 300 cordobas, just in the week of 1 October to 8 October.

Prices Have Gone Down

In the same period, a pound of rice went from 9 to 8.50 per pound on the black market and from 9 to 7 on the parallel market. The price of toilet paper was reduced from 40 to 38 cordobas per roll on the black market and from 35 to 32 cordobas on the parallel market.

The prices of batteries, detergent, soap, bath soap, sugar and oil also went down.

We feel that there is a downward trend now in prices for some products on the black market. The resellers who bought at the supermarkets at the beginning are stopping because it does not help them to accumulate stocks.

BARRICADA: How does what is allocated to the parallel market affect the supply through the secure channels?

Cabrales: What is allocated to the parallel market represents, on the average, only 5 percent of the national consumption of the 27 products of prime necessity included on the list.

In some cases like rice, salt and sugar, national production has been good and there is enough to meet demands.

In other cases like powdered milk, the production enterprise is private. It has an agreement with the state by which it sells 30 percent of its production to the state. The supermarkets buy outside of that quota like one more purchaser. This does not affect the supply of milk in the official stores.

In general, we can state that the existence of the parallel market is not going to change supply through the secure channels.

BARRICADA: Is it felt that the measure has had the results expected?

Cabrales: Yes. So far the treasury has taken in 36.2 million cordobas. We estimate we will collect 1 billion in circulating currency per year.

With this decision the government also insured the employment of the 1,900 workers who work in the supermarkets and used the existing commercial infrastructure.

Also the population has been influenced positively by access to a greater supply which decreases the pressure of consumption and ends hoarding.

LABOR MINISTRY OFFICIAL ON NATIONAL WAGE SYSTEM

Managua BARRICADA in Spanish 5 Oct 84 p 6

[Interview with Carlos Perez, director of Jobs and Wages Office of the Ministry of Labor: "End of Wage Anarchy, Beginning of Organization"; date and place not given]

[Text] "We have taken a step of incredibly high quality." He said this with conviction but his eyes reflected the long 8 months of hard work that led to 30 September when the General Directorate of Jobs and Wages of the Ministry of Labor ended its first and biggest effort to organize jobs and wages in Nicaragua.

"I can say that this is like a child who has been given special attention, been spoiled," added Carlos Perez, director of this office of the Ministry of Labor.

"We have reorganized the anarchy in the occupational wage structure in the country in 8 months. This is record time because, in other countries, this activity has taken 5 or 6 years," Perez added.

The official then responded to BARRICADA's questions.

Laying the Bases

BARRICADA: Last weekend ended the SNOTS [expansion unknown] process, at least its first phase. Could you evaluate it for us? What is the significance of having completed this in terms of wage organization of jobs and professions?

C. Perez: This means that we have laid the bases for the preliminary organization of jobs and wages. Now it will be easier to draw up more consistent wage policies based on the economic possibilities of our country.

When we began the wage organization process in February, there were problems with the qualifiers, first of all due to the lack of coordination with sectorial organizations, mainly the Ministry of Industry. The Ministry of Agricultural-Livestock Development was always present at the discussions and was one of the vanguards in the work as to application of the scale.

There were also problems in May and June when work concentrated on working conditions which cause pressure on the rates of the scale. Some of them have a certain subjectivity and try to reinforce the methodology so that, in one way or another, the occupation was benefitted in order to respond to wage expectations.

Based on this, there is the mistaken idea of a general wage increase in spite of the fact that we had spoken before of a wage reorganization that means respecting past wages. According to the methodology established, there were workers who would be benefitted and others who would not.

Also we thought that, especially in the industrial sector, it was very simple to apply qualifiers. However, we faced a serious limitation--work standardization. When the occupation was evaluated at wage rate X, we find very low standards with very high increases. By trying to adjust the real rate, there is obviously a decrease in the wages of the workers.

Especially in the branch of textiles and shoes, historically and traditionally the people have been working with work standards that have never been revised or adjusted to the productivity of the workers. Obviously this affects the workers because if I make 3,000 pairs of shoes for 6,000 cordobas, now I am going to make them for 3,120. This is a serious problem.

In addition to very low standards, there are enterprises in the manufacturing sector that had an incentive policy that also dealt with the workers' income. It was much higher than we could offer with the work evaluation.

That is a reality that occurs where a system has to be reorganized. That has been handled well by the administration and leaders of the workers. In addition to the system of reorganization, there are very complex, very anarchic systems of payment that we have to change immediately into more just, more equitable forms of payment based on production or productivity levels.

Special Cases

We find those problems especially in the industrial sector. Obviously the application schedule is delayed because the discussions go on forever, trying to adjust the standards as much as possible and change the forms and systems of payment.

Some qualifiers remained that, for their interest and importance to the economy, still have not been resolved. Also some of these economic activities are located in impenetrable parts of our country due to the imperialist aggression they are victims of. The aggression has had serious repercussions on our work because it has not been possible to examine some economic activities and, therefore, they have not been included in the new scale.

One example is the African palm which is in a difficult situation of penetration. It was decided with the workers and sectorial organizations of MIDINRA [Ministry of Agricultural-Livestock Development and Agrarian Reform] to postpone this a little until the conditions more or less existed to be able to evaluate that economic activity.

We also have problems in the organization of common occupations that are proper to one sector but occur in other economic activities. There is a committee that is working fulltime and exclusively on this.

For example, a welder is a job proper to the metal-mechanical sector but we find them also in other economic activities. An auditor is proper to the General Comptroller of the Republic but we find them in many economic activities. They regulate and govern their own occupations, characterize each sector, each specific activity.

With the positions of leadership, we had problems at the beginning because of a situation that was not foreseen when discussing the new wage policy. We started with the scale at the general directors and went down to the other occupational categories. We could not foresee some situations of the different hierarchies or leadership levels. There are already guidelines from the Government Junta for their solution.

70% of Workers Benefitted

BARRICADA: How have the blue-collar worker, the professional and the white-collar worker been benefitted by this reorganization?

C. Perez: Speaking in general terms, the majority--about 70 percent--of the workers have been benefitted by increased wages. There are people who were receiving lower wages than established which have now doubled or tripled.

One of the sectors most benefitted is the technicians and professionals. There is no occupation in the country that has not received a wage increase in this occupational sector although, due to the shortage of the work force in this area, there are workers who are earning wages that we consider historic.

Another benefitted sector is the agricultural-livestock workers. Their wage rate went up although it must be taken into account that a very important factor for the economic activity of the country is missing, work standardization.

Work standardization benefits the economic development of the country, the productive development and the wage revenue of the workers. For the moment, standardization will be aimed exclusively at the agricultural-livestock, semi-industrial and industrial sectors.

Revision Process

BARRICADA: How will the revision of this work be done in the future?

C. Perez: I think the General Directorate of Labor will have to play a very important role by watching that the policies are applied well. We are carrying out and drawing up a comparative analysis of all the occupational categories of work at all these enterprises mentioned at the beginning. That is the result all we expect: to leave the occupations well placed within their own sector, themselves at the national level and among all the occupations in the new division of labor that Nicaragua has. To do this takes a lot of time, but it is part of this matter.

Weight on Economy

BARRICADA: At the national economy level, what impact has the work you have finished now had?

C. Perez: Obviously this reorganization has repercussions on the entire economic system of the country. It adjusts it, corrects it and establishes it. We already know what occupations are listed there, now many workers there are. We already know for certain the real wage base of the country for its economic activities, even by occupational category.

This has to be tied to other global economic policies like price policies that have parallel repercussions on the wage-price. The wage has to be based on the reality of the country. Although it is true that a review of the wage scale can be attempted, it is necessary to know how to distinguish the sectors because there are shortages of some basic products of popular consumption in the agricultural-livestock sector. Then, any wage increase is going to favor an increase in production; this ties the wage problem a little to the production problem.

Most Difficult Moment

BARRICADA: Could you tell us what was the most difficult moment in the SNOTS process?

C. Perez: The discussion between the workers and the Ministry of Labor, especially in the industrial sector where we have a number of problems specific to industry that do not occur in other sectors.

In spite of the difficulty of the discussion, it is necessary to note that the working class in general has taken gigantic steps as to its participation in the entire SNOTS process. They have shown how to understand and objectively analyze the strategy that we have tried to introduce through this system. They were fully involved in the activity, evaluating themselves and showing an interest that many sectorial organizations did not even demonstrate.

2217

END: 1/28/62

EX PCD, PSD MEMBERS FORM NEW PARTY: PAN

Managua BARRICADA in Spanish 7 Oct 84 p 12

[Text] Yesterday engineer Rudy Ibarra, former organizational secretary of the PSD [Social Democrat Party], announced the formation of his political party called PAN [National Action of Nicaragua] of which he is secretary general. It is made up by former conservative and Social Democrat leaders. In a meeting called to report on the declaration of principles and programs of the new party which will request legal registration in 1985, Ibarra and the rest of the directorate said the Sacasa Coordinating Committee was responsible for spoiling its introduction. It was boycotted despite invitations sent to all the political parties and organizations, management associations and unions in the country. He indicated: "Our quest is national reconciliation by democratic ways." He announced the list of guests of whom only Dr Enrique Sotelo Borgen, representing the PCD [Democratic Conservative Party], was present.

Saluting the creation of the PAN, Sotelo Borgen stated: "You will play an important role in the political future of the country." Ibarra responded that the origin of the party was the trunk of Nicaraguan conservatism.

Indicating that they now travel the road of social democracy, he accused the Coordinating Committee of being compromisers like the "eternal compromisers of Miriam Arguello's group." He stated that they now seek to make compromises not in Nicaragua but abroad.

After listing the "coincidences" of his party with the aspirations of the other political forces in the country, Ibarra said that "obligatory" military service exists everywhere and existed here under the conservatives. "Also in those times the parents of children either negotiated or took their children out of the country to evade service."

The PAN which defines itself as a center party threatened that they will be the ones "to expose the pseudo-democrats and pseudo-pluralists." The party is also made up by: Andres Torres, political secretary; Omar Ibarra, organizational secretary; Mario Aleman, secretary of finance; Mario Ibarra, secretary of political training; and Mario Lopez, secretary of acts and agreements.

7717

CSO: 324412

BRIEFS

LEGISLATIVE ASSEMBLY BLOC--Last night, Wednesday, 24 October, Dr Arnulfo Arias Madrid convoked all Authentic Panamenist Party legislators and the plenum of its National Directorate to establish the party's parliamentary bloc to the next Legislative Assembly. Honorable Legislator Jacobo Salas of Colon Province was chosen as the bloc's spokesperson and Honorable Legislator Francisco Artola of Bocas del Toro Province as the coordinator. Party legislators and top leaders also nominated Honorable Legislator Simon Quiroz y Quiroz of Panama Province for president of the Legislative Assembly and Julio Harris of the Authentic Liberal Party for secretary general. The participants also agreed to coordinate actions with other Democratic Opposition Alliance parties to ensure harmonious efforts. During the meeting the Authentic Panamenist legislators said they will promote and defend the democratic, nationalist, and civic principles of their party in the Legislative Assembly. [Text] [Panama City LA ESTRELLA DE PANAMA in Spanish 25 Oct 84 pp 1, 14]

CSO: 3248/83

PERU

AGRICULTURAL MINISTER STUDIES PRIVATIZATION OF ECASA

Lima EL COMERCIO in Spanish 26 Oct 84 p A-4

[Text] Agriculture Minister Juan Carlos Hurtado Miller announced yesterday that the government is looking into the possibility of privatizing the Rice Marketing Enterprise (ECASA), though its actual worth is unknown as of now.

He added, however, that because the marketing of a critical item is involved, the company would operate initially as a joint venture so that it could be transferred to the private sector much more slowly and unhurriedly.

He argued that the step is being taken to allow growers to market their own output and because the government is having trouble financing the enterprise for reasons beyond its control.

He explained that in spite of the corrective measures it has taken the government has had some problems marketing rice.

"This is why we feel that the ultimate solution is to let the growers themselves do the job."

With regard to financing, which he considered a very important factor, he specified that the Agrarian Bank, which finances the rice crop, runs some cash shortfalls when payments to growers are behind schedule.

Furthermore, he added, the Agrarian Bank has some additional demand right now that was not planned for at the outset of the year, as there has been a record sorghum and corn crop in the north, which has cut imports of these two items by some 300,000 and 400,000 tons.

He mentioned that for all these reasons a joint committee of experts from the Economy, Finance and Commerce Ministry and the Agriculture Ministry is looking into the matter and that we might know something about their findings next week.

Burtado Miller spoke to newsmen upon leaving the Government Palace, revealing that at his meeting with the chief of state they discussed all aspects of the ECASA privatization.

Regarding the strike by farm sector workers, he said that the final negotiating sessions are under way but that with the supplementary credit that Congress granted on Tuesday there is no longer any reason to continue the work shutdown.

8743

CSO: 3348/94

FOREIGN CAPITAL NEEDED TO MAINTAIN OIL PRODUCTION

Lima EL COMERCIO in Spanish 10 Oct 84 p A-4

[Excerpt] Peru will require an investment of over \$9.5 billion until 1993 to maintain current oil production levels, Energy Minister Juan Inchaustegui said in the senate last night.

He maintained that the current oil problem situation is dramatic and that active participation of foreign capital is required for the investment equivalent to \$1 billion annually that the country must make on oil exploration if it does not want to become importer in 1989.

In that regard, he was opposed to a radical change to oil contracts.

However, he called for a national debate to discuss the subject sensibly, calmly and wisely.

In his 55-minute presentation, he gave a historical account of national oil development over the past 16 years.

He disclosed that 1981 oil reserves amounted to 800 million barrels; while in 1984 they dropped to 690 million barrels.

He said production started rising in 1978, but began to decline in 1983 as a result of the floods in the north.

Inchaustegui explained that recovery has been started this year, reaching 183,000 barrels daily.

He indicated that although exploration increased in 1980, no positive results have been obtained. Only one of the five wells drilled this year has had positive results.

Economy Minister

For his part, Economy Minister Jose Benavides discussed tax exemptions to oil companies, explaining that supreme decrees 39 and 301 merely change the tax system for contractors.

But they will make full payment of the appropriate tax by the end of the fiscal year, he stated.

His nearly 1-hour presentation was of a technical nature.

MARITIME CONFERENCE HEAD EMPHASIZES AFRICAN MARKET POTENTIAL

Lima EL COMERCIO in Spanish 15 Oct 84 p A-8

/Text/ The African continent is an enormous potential market for the Peruvian shoe industry. It is virtually wide open and only awaits the government's decision to start exporting this nontraditional product, said the Peruvian Hugo Sommerkamp Bernales, chairman of the recent European-South Pacific and Magallanes Conference.

He noted that, if the "South-South" project, which was agreed upon during the Maritime Parity Meeting of Ship Operators of Africa and Latin America, in the Canary Islands is launched immediately, Peruvian exporters will be able to ship their products directly to Africa without the current involvement of Belgian and other ports on the European continent which, he said in passing, restrict freight rates and drive them up.

Sommerkamp, the current president of the Peruvian Shipbuilding Consortium, S.A. /Inc./ and the Latin American Association of Ship Operators, mentioned the fact that Peruvian shoes offer recognized quality and "would be completely welcomed in Africa." In addition we could increase our rather slim current trade volume in canned products and other lesser products, as he noted.

Shoe Industry in Serious Crisis

It must be recalled that the Peruvian shoe industry is going through a serious crisis mainly because of stiff competition and the high customs duties on materials required in this field.

On the other hand, he pointed out that the maritime trade situation currently is very critical and that many of the shipping enterprises, including the Peruvian Steamship Company, are in a difficult situation. He remarked that Peru has suffered a 50-percent decline in the collection of freight rates and this is what is behind the current critical situation of the shipping companies.

He also said that one must add to this the fact that modern technology has created new ships and systems which today--in spite of their high cost, as in the case of the "cellular container ships"--can easily replace three or four conventional vessels.

He indicated however that Peruvian shipping enterprises, such as the company of which he is president, have been using multipurpose vessels which combine conventional features with new technology in general freight service.

He also expressed his confidence to the effect that the current critical situation must be resolved slowly in order to move forward into a stronger phase. He announced that the ALAMAR (Latin American Ship Operator Assembly) would be held in Lima between 5 and 8 November to make important decisions concerning maritime traffic.

It must be noted that Sommerkam--as revealed by Francisco Zapata, an official in that consortium--is the first Peruvian and South American to be president of the European-South Pacific and Magallanes Conference after 92 years of a series of European leaders.

5058

CSO: 3340/48

SIMA SHIPYARDS LAUNCH 2 MISSILE FRIGATES

Lima OIGA in Spanish 15 Oct 84 pp 58-59

[Text] Undoubtedly the best way to honor the memory of the hero of Angamos, Adm Miguel Grau, marking the 105th anniversary of his epic immolation together with the crew of the Monitor "Huascar" took place at the Callao Naval Arsenal at 1000 on Monday, 8 October.

After having observed a minute of silence as a sign of respect for the high point in the sacrifice made by Grau, on 8 October 1879, the Missile Frigate "Mariategui," built by SIMA (Maritime Industrial Service), was launched at 0950.

Amid the blasts of sirens and whistles and the applause of the public, the BAP Peruvian Navy Ship "Mariategui" slid down the ways after the traditional bottle had been smashed against its bow by the ship's sponsor, Matilde de Zela de Mariategui, wife of the man who until last week was prime minister and minister of foreign relations, Sandro Mariategui.

The ceremony was also attended by President of the Republic Fernando Belaunde Terry and Navy Minister VAdm Jorge DuBois Gervasi.

This brand-new missile frigate is the second vessel of its kind built by SIMA this year. The BAP "Montero" was turned over to Peru's navy on 25 July.

As for the BAP "Mariategui"--which perpetuates the memory of Adm Ignacio Mariategui--it is already in the "Sea of Grau" where it will get its armament, control, and power systems in order then to join the navy.

By virtue of its great technological capacity and the tremendous effort made by engineers, technicians, and 600 skilled workers who labored daily on this project, SIMA Peru has been able to meet the challenge represented by the construction of units of this class.

The project, called 031 BAP Mariategui in the naval shipbuilding program of SIMA, is the fourth of four surface units of the missile

helicopter frigate type acquired by Peru's navy from Cantieri **Navali Riuniti** /United Naval Shipyards/ of Italy.

The two first vessels were built entirely in Italy and the third one was built by SIMA. This is a great achievement, considering the fact that SIMA built the entire missile frigate, in contrast to the Italian shipyard which delegated the work on the first two units to subcontractors for the weapons systems, for interior and exterior communications, automatic power plant control, and wiring.

Among the main characteristics of this unit we have its length of 112.4 m, its beam of 11.98 m, its draft of 7.95 m, and its displacement of 2,400 t. The hull is made of welded steel which makes the vessel fast and extremely light.

It has a mixed propulsion system with automatic control and its maximum speed is 35 kn.

Its weapons system is impressive with many anti-surface and anti-air missiles, rocket launchers, fire control systems, electronic warfare system, 127/54-mm cannon, ASW torpedoes, sonar and radars, and an Agusta Bell 212 helicopter.

Ships of this type can be used for attacking surface units; offensive ASW operations; AA defense with missiles; electronic warfare support and fire support against the coastline.

Today, 105 years after the disaster that befell Grau and his crew, Peru's navy has sophisticated units that defend the country's sovereignty.

This has been possible thanks to a naval shipbuilding industry which is in the van in Latin America. SIMA-Peru S.A. /Inc./ was established on 2 October 1973, last Monday it received well-earned tribute from the president of the republic for its patriotic effort; President Belaunde praised the fruitful work done by SIMA which even managed promptly to cope with the flooding of the base at the start of this year.

Since 1973, this private-law state enterprise in the shipbuilding sector (whose current executive manager is RAdm Al /Peruvian Navy/ Raul Sanchez Sotomayor), has stepped up its shipbuilding and ship repair activities for Peru's navy and for domestic and foreign ship operators.

SIMA-Peru currently has four operations centers: SIMA-Callao, SIMA-Iquitos, SIMA-Chimbote (with the metal-working secondary center), and SIMA-CEFAR /expansion unknown/, engaged in arms manufacture. The MGP-79 submachinegun, featuring the very latest technology, has already been delivered to the Navy, the Civil Guard, and the Republican Guard.

To build the BAP "Mariategui," the shipyard's support facilities had to adjust to working with the most advanced construction technologies, introducing new techniques such as aluminum welding and cutting, special drills, etc., which contributed to SIMA's general development.

By launching the Project 031 BAP "Mariategui," the Maritime Industrial Service earned prestige for Peru, enabling the country to be proud of having the first shipyard on the Latin American coast of the Pacific to place this type of unit in service for its navy. The success of this launching comes in addition to the success of project 030 BAP "Montero" and the many tankers, bulk carriers, freighters, multipurpose vessels, scientific research vessels, specialized vessels, transport motorboats and patrol craft and many other important projects in the metal-working industry in general.

A leader in its field, capable of attaining the highest productivity figures and competing with the world's best shipyards because it is one of them, SIMA can only be a source of pride for all Peruvians.

5058

CSO: 3348/48

PRIVATE MANAGEMENT CONFEDERATION PURPOSES EXPLAINED

Lima EL COMERCIO in Spanish Sunday Supplement DOMINICAL 14 Oct 84 p 11

[Article by Fabricio Medrano Garcia: "Company Unionism"]

[Text] The country's private production forces recently established the CONFIEP (National Confederation of Private Entrepreneurial Institutions). This organization consists of all of the outfits representing the various sectors for branches of private economic activities.

Its creation within the legal context governing our state of laws is covered by the provisions of the Political Constitution which provides for freedom of association as a right of persons understood within the distinction that is universally spelled out in legal science as individuals and corporations and it is precisely the latter that were used as basis for its establishment.

Now, talking about private business unionism could cause a certain amount of confusion in the reader since it is quite common to think that union organizations belong exclusively to the workers in their various forms, that is to say, labor unions as such, which rally the labor force at a specific place of work, with labor union federations consisting of the labor force in various unions in the same economic branch or activity, while confederations as such are made up of a sector of workers belonging to the next-lower-level organization, that is to say, the labor union federations. Each labor union level, such as those mentioned, has its legal regulations that spell out the requirements for its establishment.

Labor Legislation and Balance of Forces Between Workers and Employers

Although it is true that unionism among the workers historically sprang up as a collective force organized in defense of class interests, with an economic, social, and labor content, in facing the employer, trying to balance the forces involved in terms of labor relations, under the sponsorship and protection of the state, which spelled out the essential rights of the working class in the Political Constitution (unionism, job stability, legal work day, wages, collective bargaining negotiations, etc.), it is nevertheless also true that, given the bilateral nature of the obligations deriving from a work contract, in the matter of guild or professional organizations, which are called unions, the employers or business operators have the same right and

the state and the law have extended that right of association to them so that it is now furthermore a right universally granted by the ILO, which in its work agreement no. 87 laid down the provision of liberty and protection of the right of union association both for the workers and for the employers. This agreement was ratified by the December 1959 Legislative Resolution no. 13281, regulated by DS [Supreme Decree] 009, which, in its article 1, spells out the guarantee which the state gives to employers and workers, in terms of the right of free association in the form of unions, without prior authorization, for their economic, social, and cultural improvement and for the defense of their common interests.

In summary, then, the right of union association, from the viewpoints mentioned here, does not constitute an exclusive right of the working class but also includes the employer or business operator sector. What we have here thus is a legal foundation which has enabled associations of business operators involved in related economic activities to establish a third-ranking organization which is of greater importance in view of the ultimate goals it pursues, and that brings us to the National Confederation of Private Entrepreneurial Institutions.

Importance of Institution Thus Created

In a manner complementary to the specific goals pursued by the unions, we believe that, within the democratic system in which we live, there development must go beyond the strictly labor aspect which has been the cause and effect of its creation and we must go on to assume a role which, as we see it, is important in the country's economic and social development.

While democracy recognizes the people as the source of power, the ultimate goals of any government within this system must be determined by the social community, properly organized in the form of institutions that represent the interests of the various sectors making up the entire nation and that participate in the decisions of the state in matters directly related to the enterprises and their problems, such as, for example, the excessive tax pressure to which they are exposed, the imbalance in handling commercial matters which has ranged from exaggerated protection for domestic industry all the way to an excessive opening to the importing of products, thus threatening the very existence of those enterprises. By the same token we can refer to the state's decisions with regard to working out mechanisms aimed at improving labor relations, for this purpose relying specifically on the participation which this type of institution must provide.

Political scientists maintain that these types of actions signify the perfection of democracy by reducing the concentration of the state's political power, in return broadening the decision-making base (the people organized in social institutions) in a kind of approximation between the social and the political aspects which, in our view, is necessary because, along with political groupings, we have others whose social makeup, in a kind of intermediate organization between the persons and the state, must provide real participation in the nation's life. The Entrepreneurial Confederation, which we are talking

about here basically, is one of them and this ascertainment is supported by its own representatives who publicly stated the need for participating in the dialogue and who stress the right to be consulted on the topic of the legislation which the state issues in business matters; this concept covers economic, customs duty, taxation, labor, and other aspects.

Beyond what we have said so far, I believe that it is important that these organized social sectors of the population, as part of their participation in this effort, must always have the right of petition within the democratic framework (Paragraph 18, Article 2, of the Constitution of the State). The legal framework for its development in the matter of participation is established in the charter [constitution] that governs us, when it points out that any person (individual or corporation) "has the right to participate--in an individual or associated form--in the nation's political, economic, social, and cultural life" (Paragraph 16, Article 2 of the Constitution).

We must therefore understand the need for the involvement of the other social organizations, such as the lawfully constituted organizations of workers, bar associations and professional associations, universities, other production and commerce sectors, cultural institutions, sports institutions, etc.

The National Confederation of Private Entrepreneurial Institutions was born in a political, social, and economic situation that was full of expectations for the country. Its input for the decisions of the administration--the outgoing and the incoming administrations--must be taken into account seriously. Private enterprise constitutes the moving force of the country's economy, its development in social terms extends to the generation of jobs and sources of employment, in terms of taxation it is the biggest item for the government in the collection of economic resources from a domestic source, and to a great extent it also produces foreign exchange.

Its rally means--to those who have joined it--an awareness of the real importance which it represents for the country, for the private enterprise sector, within the entrepreneurial pluralism guaranteed by the Constitution, and, on the other hand, the need for its strengthening which would permit not only the defense of the interests it represents but also active participation in government decision-making which is assigned to it by the constitution, as an intermediate organization of a sector of society.

5058

CSO: 3348/55

SUGAR COOPERATIVES TO FORM MARKETING GROUP

Lima EL COMERCIO in Spanish 14 Oct 84 p A-5

[Text] The country's 12 agricultural sugar-producing cooperatives yesterday decided to establish a national center without the intention of copying the former CECOAAAP [Peruvian Central of Agrarian Sugar Production Cooperatives] (which was deactivated in 1980) for the purpose of selling their surplus abroad.

The proposal, submitted yesterday to the general meeting of the Third National Congress of Agrarian Sugar Cooperatives, was supported unanimously by the delegates with the idea of making sure that an agency of that nature, as was explained, would put an end to the current disintegration characterizing that sector.

The congress, which was closed yesterday by Agriculture Minister Engineer Juan Hurtado Miller, met in Lima and was attended by representatives of the agricultural producer cooperatives from Casagrande, Tuman, Cartavio, Paramonga, Pucala, San Jacinto, Andahuasi, Cayalti, Laredo, El Ingenio, Laredo, Pomalca, and Chucarapi, plus other agricultural establishments.

Natividad Ordinola Renteria, chairman of the congress organizing committee, announced that the sugar cooperatives are having a difficult time due to the fact that they do not have an agency that would centralize their production efforts.

"This new organization," said Ordinola, "will be concerned mainly with rationalizing the distribution of sugar quotas for each of the 12 cooperatives, both as regards the supply of the domestic market and for export."

He pointed out that an example of the economic damage suffered by the 12 sugar cooperatives, because they are not integrated, is the deficit accumulated during the year so far. "According to statistics, we have lost 230,000 million soles because we stopped importing sugar [as published]," he said.

Will Not Be Like CECOAAAP

He remarked that the central created now will be managed by the representatives of the rank and file itself, noting that it must not become a vertical-type

red-tape outfit which, instead of collaborating with the cooperatives, would obstruct and harm them, as happened in the case of CeCOAAP, he said.

Ordinola noted that the country's sugar output at this time is 640,000 tons as against a demand of 614,000 tons; this shows that a certain amount is available for export.

As regards next year's output, he said that, in view of the good weather and the good sugar-cane plants, which one can observe in the cooperatives, we could look forward to an excellent harvest which has been calculated at as much as 800,000 tons.

At the end of the congress, questions were asked regarding the PRIA (Sugar Industry Rehabilitation Project) which will be carried out by the Ministry of Agriculture with financing from the World Bank and from the cooperatives themselves.

5058

CSO: 3348/55

PERU

BRIEFS

CENTRAL GOVERNMENT LOWERS DEFICIT--The central government's financial operations for the first half of the year show a deficit of 491.5 billion soles, which is lower than the 880.3 billion soles estimated in the budget, Deputy Odon Huidobro Bayona, member of the Bicameral Budget Committee, disclosed yesterday. He maintained that the deficit of 388 billion soles less resulted from the wise economic policy and positive reaction to recovery measures implemented by the government. He explained that government revenues over the first half of the year amounted to 3,331,500,000 soles, 4 percent higher than planned. He said this was due to higher tax receipts, including income and other taxes, and other revenue. Explaining that revenues in other areas have decreased, he cited fuel sales which had been estimated to amount to 643.4 billion soles and only reached 600.4 billion. Huidobro Bayona said expenditures reached 4,120,700,000 soles, lower than the planned 4,586,900,000. He said "this represents expenditures of 466.3 billion soles less, primarily as a consequence of lower foreign debt service payments resulting from the refinancing, as well as lower capital expenditures." [Text] [Lima EL COMERCIO in Spanish 6 Oct 84 p A-4] 9925

MBH FAVORS PPC AFFILIATION--The MBH /Hayista Base Movement, Haya de la Torre Grassroots Movement ? yesterday began conversations with the PPC /Christian People's Party/ and some individual personalities to achieve political agreement with a view to the 1985 elections. This is not only a matter of working out an election agreement; it also involves a communion of basic principles designed to strengthen democracy through which Andres Townsend is prepared to announce his candidacy, Francisco Diez Canseco indicated. The following spoke for the MBH: Diez Canseco, Alberto Borea, and the deputies Cecilio Serquen (Lambayeque) and Ricardo Neyra (Cajamarca). The PPC was represented by Ricardo Amiel, Enrique Elias, Felipe Osterling, and Antonino Espinosa. The "Hayista" spokesman said that they would try to work out the agreement proposed by former president Bustamante and Rivero up to the end and assumed that an agreement would be worked out with the PPC. Recalling the fact that the movement's leader Andres Townsend said last week that, in order to strengthen the system, he was ready to throw his hat into the ring, remarked that the alliance with the PPC is very possible so long as that group requires that alliance to be headed by Bedoya Reyes. [Text] [Lima EL COMERCIO in Spanish 15 Oct 84 p A-4] 5058

RADIO/TV ASSOCIATION JOINS CONFIEP--The Peruvian Radio and Television Association has decided to join the National Confederation of Private Enterprise Institutions (CONFIEP), a recently created organization of the country's private entrepreneurs. Humberto Maldonado Balbin, president of the association, said his organization is made up of more than 200 radio stations and television channels which have great influence on the development of collective consciousness for defense of the country's interests. CONFIEP groups the principal institutions representing national production such as ADEX [Exporters Association], CAPECO [Peruvian Chamber of Construction], CONACO [National Confederation of Merchants], the National Association of Mining, National Association of Fisheries, and others. [Text] [Lima EL COMERCIO in Spanish 7 Oct 84 p A-5] 9925

JAPAN DONATES MEDICAL EQUIPMENT--The Japanese Government will donate more than 900 million soles in medical equipment to the Honorio Delgado-Hideyo Noguchi Mental Health Institute through the International Cooperation Agency of Japan. The presentation ceremony will be held today at 11 in the morning at the institute and will be attended by Health Minister Dr Juan Franco Ponce. During the ceremony the minister and the wife of the Japanese ambassador, Mrs Tomiko Kosugi, will unveil a portrait of Dr Honorio Delgado. The approximately 962 million soles donation includes two mobile units, computer equipment to analyze medical data and other equipment that the institute needs to pursue its activities. [Text] [Lima EL COMERCIO in Spanish 25 Oct 84 p A-5] 8743

TEXTILE INDUSTRY POSTS GAIN--The textile industry's sales have rebounded almost 40 percent from last year. This represents foreign exchange earnings of about \$250 million, the general manager of the Fund for the Promotion of Nontraditional Exports (FOPEX), Maria Jesus Hume, pointed out yesterday. He noted that the high quality of the nation's textile industry has enabled Peru to enter markets that it had never considered, adding that it is even competing with Taiwan and Korea in sales of textiles to the European Economic Community. He also said that the United States is the biggest buyer of Peruvian textiles and that the Soviet Union looms as another major market now that the Peruvian Government has arranged to pay debts to the USSR with nontraditional goods. [Excerpt] [Lima EL COMERCIO in Spanish 25 Oct 84 p A-5] 8743

GERMAN, BRITISH AID CONSIDERED--Economic groups of both West Germany and Britain are the most viable alternative to finance the Cerro Verde II copper mining program, in case aid by the Mitsui-Merubeni consortium is not resolved by the end of the month. Energy and Mines Minister Juan Inchaustegui noted this possibility yesterday in case backing by Japanese capital is not available to implement the mining program. Regarding the urgency of undertaking the program, given its importance to Peruvian mining development, the minister--emphasizing statements he made in congress last night--said if a formal agreement is not reached with the Mitsui-Merubeni group by the 31st of this month, the talks that were being held with German and British investors and suspended when the Japanese investors showed interest, will be resumed immediately. The possible arrangements could be made through aid, bidding or direct talks, he explained. [Excerpt] [Lima EL COMERCIO in Spanish 11 Oct 84 p A-4] 9925

COMPTON COMMENTS ON ECONOMY ON RETURN FROM U.S. VISIT

Call for Avoidance of IMF

Castries THE VOICE in English 10 Oct 84 p 1

[Text] PRIME Minister John Compton says he does not see any response from his countrymen to his frequent calls on them for self-imposed financial discipline so that the country could stay out of the clutches of the International Monetary Fund (IMF).

Compton was addressing newsmen here on his return from a North American tour during which he attended the annual meeting of the IMF and World Bank in Washington.

He said many of the speeches heard at the Washington meeting reiterated the view that the IMF's lending terms to developing countries with economic problems were too onerous.

Compton declared "The formula the IMF usually adopts in dealing with these developing countries has brought a lot of problems. It's terms are so stringent that they really strain your social and political fabric. That is why I have persistently been preaching to this country that we must try to manage our own affairs and not surrender our financial independence to the IMF, because we are going to end up in a lot of trouble."

But he added "I don't see the response. People don't think the situation is serious. There's still a lot of wastage and abuse. It's a question of financial discipline, or else we'll have to go there (to the IMF). It is not our economic situation that will force us there. It is our indiscipline."

Compton has been preaching the need for increased productivity in all sections of the economy and the elimination of waste and expenditure all round. In his first year in office, the Government failed in its bid to

woo trade unions and the private sector to its recommendation for a tripartite effort to pull the country out of its economic troubles. The unions rejected the initiative, which included a proposal to hold down wage and price increases for a year.

The St Lucian leader now says that the country's economy is continuing to recover and is "relatively good, although not satisfactory." He noted that banana exports to Britain were continuing to increase, tourist arrivals were also on the up with a bumper season anticipated this coming

winter, while a number of new industries had been attracted to St Lucia from the Far East.

But he conceded that there were some worries. One was the continuing decline in value of sterling which had seriously affected returns to the banana industry. The imposition of trade restrictions by the Trinidad and Tobago Government, he said, had also curtailed the island's exports of manufactured goods especially garments, while affecting the jobs of many St Lucians.

To generate new jobs, he said, his Government had been wooing investors from the Far East to set up business here.

but no sooner had they arrived they were being attacked

He said "We have to be serious when we say we want to solve unemployment because St. Lucia is not the only pebble on the beach."

Compton explained that the United States was trying to attract Far Eastern investors to its west coast while Canada was offering them all sorts of incentives, but when they came to St. Lucia they were being abused and attacked

He warned: "As easily as they ship their machines in, as easy as they can take them out. They don't own the factories they set up in. They don't own the land on which the factories are built. All they own are the machines they bring in. So we have to create the environment to attract people. When they come here we must not insult them. Of course, they must be fair. The Government must see that the worker is treated fairly, but once the people obey your laws, you must be a hospitable host."

Exhortation of Private Sector

Castries THE VOICE in English 10 Oct 84 p 3

[Text]

PRIME Minister John Compton has taken a swipe at the island's private sector saying it was not aggressive enough in moving to capitalise on the advantages of the American sponsored Caribbean Basin Initiative (CBI).

Compton was asked at a press conference how soon would St. Lucia be in a position to begin to make tangible use of the benefits offered to CBI signatory countries.

He replied: "It is up to the St. Lucia private sector to organise themselves. The opportunities are there. They can take advantage now. They must go out and look for them."

Compton added: "A lot of us sit down, stay at home and expect things to come to us....there are a lot of things which St. Lucians can do (to benefit under the CBI) but we must go out and look. We have to be a little more aggressive. The private sector has got to be a little more aggressive and try to get joint ventures if we are to maintain control of our economy."

He said it was not a question of when St. Lucia would begin to reap the benefits of the CBI but rather "when we decide to take advantage of its benefits."

CSO: 3298/100

POOR TRADE WITH CARICOM PROMPTS SEARCH FOR NEW MARKETS

Castries THE WEEKEND VOICE in English 13 Oct 84 p 5

[Text]

ST. LUCIA, owed some six million dollars for coconut oil by Jamaica, says it is dissatisfied with its level of trade with member states of the Caribbean Community (CARICOM) and will in future direct its exports to extra-regional markets.

Prime Minister John Compton told a news conference that the island was having difficulties exporting goods, especially to the larger CARICOM States because of prevailing economic problems in those islands.

"Our major market was Trinidad but with the introduction of the licensing system our goods were no longer allowed there." He said "Jamaica is in trouble and we hardly get paid for our exports. They still owe us some six million dollars for coconut oil."

Compton said that the Guyana market was also closed "as you do not get paid for the goods you sell." He observed that Guyana owed the CARICOM Multilateral Clearing Facility (CMCF), an intergovernmental scheme for settling trade payments, some \$8 million U.S. dollars which caused the collapse of the scheme.

No country can carry that kind of debt in its trade," he said.

The Prime Minister said St. Lucia was left with a surplus

which produced virtually the same kind of exports" so that CARICOM trade instead of being a drying up and is now down to a trickle.

"St. Lucia is in an unfair position," Compton said. "we buy more than we sell that's why it is important for us to look at the extra regional markets at this time."

It was for this reason, he added, that the Washington sponsored aid and cooperation plan, the Caribbean Basin Initiative (CBI) was important to St. Lucia, since it meant that local manufacturers would have to go out in search of markets in the United States.

"The smaller concerns can look at the regional market but the big ones will have to look to the extra regional area if they are to survive," Compton said.

He said that some countries believed that the oil boom would have lasted forever, but it didn't.

"These countries that have based their economies on oil are now being affected," he said, for instance Venezuela, Mexico, Trinidad and Tobago and Nigeria, while other less dependent nations that have diversified have suffered less."

He said that small countries like St. Lucia have diversified into agriculture, tourism and industry and have not put all the eggs in the basket.

REPORT ON MITCHELL'S REMARKS DURING VISIT TO U.S.

Kingstown THE VINCENTIAN in English 5 Oct 84 p 1

[Article by Zan Lewis]

[Text] Prime Minister Mitchell is very concerned over the role of the United States in the Caribbean. This he made clear to the US State Department when he visited Washington recently.

Mitchell said at the press conference on his return that he told the US authorities that he is against the increase of militarization in the Caribbean, and is not interested in setting up a 'Standing Army'. He emphasised that "St. Vincent and the Grenadines has demonstrated faith in the democratic process, but is in the race against time. We have got to deliver the goods to the people in this region quickly and the enemies in our country are ignorance and poverty not communism." Assistance, he said, is needed to fight the battles against these enemies.

When in North America the Prime Minister attended the World Bank International Monetary Fund meeting. The global economic situation was examined and the programmes of the Bank and the Fund commented on by the various countries.

Mitchell addressed the World Bank on behalf of the Caribbean countries, while Prime Minister John Compton of St. Lucia spoke to the IMF. They expressed concern that the IDA (International Development Agency) Replenishment Fund which had been expected to be around \$12 billion had been cut back to \$9 billion. They also pointed out that while they joined in the anxiety over the drought conditions at Sub Sahara, they felt that the problems of small island states in the Caribbean were not given adequate attention. The World Bank and the IMF showed great concern about the problems being

faced by St. Vincent and the Grenadines with regard to the Statutory Corporations — Central Water and Sewerage Authority, Housing and Planning, the Arrowroot Factory and especially the Sugar Industry, and the plans to resolve that industry's difficulties.

Mitchell said in reference to an international airstrip for St. Vincent that the World Bank had indicated that they would be prepared to assist or to contact other agencies such as USAID and CIDA for assistance. The Bank also agreed to help in the preparation of the Budget.

In New York Compton and Mitchell discussed the location of a building site for a joint OECS embassy and saw one site offered to the East Caribbean States by the US Government for establishing a permanent mission.

CSO: 3298/101

PUBLIC SERVICE UNION SOUNDS WARNING AGAINST IMF

Kingstown THE VINCENTIAN in English 28 Sep 84 p A

[Text]

The St. Vincent and the Grenadines Public Service Union has issued a warning against the measures enforced by IMF as conditional on loans.

The release says in part:—

"These measures usually take the form of:— 1. Cuts in public spending which results in lay off in the public sector thus increasing the level of unemployment. 2. Wage restraint. 3. Devaluation of currency in some instances. 4. Removal of subsidies. 5. High interest rates. 6. Decrease in domestic borrowing. 7. Restrictions on imports. 8. Increase in problems.

Wages and salaries in St. Vincent and the Grenadines are some of the lowest, if not the lowest in the Caribbean region. We cannot accept any I.M.F. imposed restrictions on employment and restraints or deferment on salaries and wages increments.

Government must redouble its efforts at promoting import substitutions. Increase use of available land to produce food crops, find ways of using our arrowroot flour in combination with wheat flour to reduce on stock of unsold arrowroot starch and reduce on the quantity of wheat imported for bakery purpose. Government must seek to find how

to use the banana, plantains cassava to make flour which can be mixed with wheat flour to produce an acceptable bakers bread.

Government must encourage the peasants and small land holders to once again produce the sea island cotton the link of which we could barter with Guyana for rice and timber. We must once again produce cotton seed oil for cooking purpose and have the cotton seed meal for stock feed and manual purposes.

Successive politicians have failed to tell the people what they have to do to make their country move on; the Trade Union will have to assume that role and not let the new type of colonialism which the I.M.F. is seeking to impose on the smaller countries of the World who seek their assistance with the financial problems."

The workers of the Caribbean must alert to the conspiracy of the American and European imperialists who are seeking to impose an economic slavery on the underdeveloped nations of the World.

At this time when the I.M.F. and World Bank have gathered to plan their new attack on the poor nations of the World, we the workers of the Caribbean must make it clear that we are opposed to slavery in any form in our countries.

PROTASI ON CENTRAL BANK'S MONETARY POLICY, RESERVES

Montevideo BUSQUEDA in Spanish 24 Oct 84 p 17

[Interview with Central Bank president Juan Carlos Protasi; date and location unspecified]

[Text] The monetary measures implemented by the Central Bank are geared to a rule announced by and known to the economic agents and the public; its goals are to stabilize inflation insofar as possible, to prevent excessive declines in real wages, to avoid undue or speculative pressure on the exchange market and to keep a watch and control over the system, so as to contribute to its stability and to afford the depositors security. These, in brief, are the main notions cited by the Central Bank president, accountant Juan Carlos Protasi, in an interview that he granted to BUSQUEDA. Following is the course of the dialog held with the holder of monetary authority.

[Question] The monetary measures adopted by the Central Bank, for example, that of increasing by 1 percent the compulsory holding of treasury bills on Wednesday, 17 October, have evoked criticism from economic agents; and it is claimed that they have caused uncertainty on the market.

[Answer] These measures are a part of a monetary discipline of the BCU [Central Bank of Uruguay] which was announced at the beginning of the year and which it has attempted to uphold and comply with during all these recent months. The reasons are always the same ones: When the monetary expansion is greater than programmed, those deviations have to be corrected.

[Question] But don't you think that this type of sudden decision, reflected in marked ups and downs in the exchange rate, causes uncertainty?

[Answer] I would say that, in this country's monetary policy, like that of any other nation, there are two components: one that is a trend or permanent, and a random or transitory component. The trend one is precisely the one that the bank attempts to uphold so that all the economic agents will perceive that there is a rule and that an effort is being made for them to know it and also to abide by it. Obviously, if there are unforeseen, fortuitous, economic events which cause the BC to have to release more money than has been programmed, the corrections must be aperiodic. They will be made based on how the monetary aggregates are observed to be evolving. Of course, in some cases

those corrections have shock effects, but the economic agents realize that they are based on the intention to gear ourselves to the set goals.

[Question] But isn't this policy of cash reserve requirements or compulsory holding of bills, which is after all taking funds from the private sector, recessive?

[Answer] Yes and no. If the funds taken away from the private sector mean that a demand for credit is left unsatisfied, then yes, it could have recessive effects, because the allocation of those funds by part of the private sector generates greater activity and better productivity than if it were done by the state.

But if the private agents are not demanding loans and the banks are not lending, for whatever reason, the surplus funds are channeled outside. In other words, there is a flight of capital.

Uruguay's situation at present is this: on the one hand, a state demanding funds from the private sector to cope with its deficit; and, on the other, a private sector which is neither demanding nor offering credit. This means that, under these special circumstances, the fact that the state is taking funds from the private sector for its expenses to some extent eases the recession that would occur if those funds remained unused in the particular area or left the country.

[Question] But is it true that there are sectors, such as exporters or importers, for example, that are in some instances harmed by these ups and downs in the exchange rate?

[Answer] Yes, unquestionably; but since the BC has established a future market mechanism precisely to supplement the currency floating system, an exporter who does not wish to speculate can go to that market and there negotiate the sale of his foreign exchange and set a future price, without any further concern over what is happening to the exchange rate.

Now, anyone who, in addition to engaging in export negotiations, wants to speculate with the currency, enters the market as a speculator, and the situation is different, with the risks that this entails.

Somewhat the same thing happens to the importer, meanwhile. He can also resort to the future market.

What the BC is doing is establishing a monetary policy so that the agents will have the most evidence for predicting future events, and for this prediction to be the most certain possible; and therefore, the uncertainty, instead of increasing, is reduced.

[Question] But these sudden-type measures present another aspect for criticism or suspicion. For example, anyone who has the information that will be used could decide to sell at the proper time, so as later to buy when the dollar declines.

[Answer] I would say that there are two sides to this. Let's say that the suspicion has real grounds and that it is not harbored because of malice.

I think that the economic agents, as they react to the different signals from the market, also realize that the BC has a monetary rule, and reacts when it is necessary to gear itself to that rule. The economic agents know this, and in a way wait for, or anticipate those decisions on the part of the BC. In that regard, the people have some information and act accordingly. The degree of confidence and the better or worse optimal use that is made of their information depend on each individual.

As for the manner in which the BC acts to convey the information (in other words, the data that you have mentioned), for this purpose two methods are used: through the direct system that the bank has with the entire financial network....

[Question] From the screen?

[Answer] Yes, from a screen....

[Question] And it is conveyed to all the institutions simultaneously?

[Answer] Yes, absolutely, to all of them at the same time. The other method is later; it is the sending of the pertinent circular letter. The BC also conveys this type of decision to the board members of the Association of Banks via telephone or personally, explaining to them the reasons, etc.

[Question] It is also claimed that these declines in the dollar, such as those last week, conspire against tourism.

[Answer] With regard to that subject, I can tell you that what matters is the parity relationship with the neighboring countries, particularly Argentina. And in this particular instance, the parity relationship is favorable for tourism to Uruguay, and poses no problems of any kind. This is not so much so in the case of Brazil; there is obviously a slight lag. But Uruguay cannot be expanding the money supply at the rate that it is being done by the neighboring countries; because by so doing it would be importing their instability.

[Question] And what about their effects on exports?

[Answer] The exchange rate, in terms of wages, has a relationship similar to what existed for exporters during the best years of the 1970's. During that period, although it could be claimed that they had reimbursements, the only purpose of the latter was to offset the effect of the higher tariffs which were in force.

This really doesn't create a serious problem for exporters. Of course if there were a higher exchange rate, they would be in a more comfortable situation; but that would also mean higher inflation and a loss of real wages.

Proof of the fact that the exchange rate is no obstacle for exporters is that non-traditional exports have increased over last year; and the trade balance as a whole is positive, sizably so, something that would be difficult to achieve if the exchange rate were lagging.

Moreover, based on certain theories, the exchange rate should be lower, judging from the results of the balance of trade. But what matters in this respect is the balance of payments, and in this connection the BC has gained some reserves throughout this year. With regard to this, it may be claimed that, by September, the exchange rate was slightly higher than it should have been to have a zero balance in the reserve variation.

[Question] What is the level of the reserves?

[Answer] As of September, the BC's reserves had increased \$10.5 million over their level in December. And this has occurred in the context of a program arrived at with the International Monetary Fund, calling for a loss of reserves throughout the year, amounting to as much as \$35 million. This provision is aimed precisely at avoiding greater pressure on the exchange rate.

[Question] Nevertheless, the BC has just adopted a measure whereby the cash reserve requirements system will be changed, replacing the basic 5 percent on foreign currency deposits by compulsory holding of a sum equivalent to twice the amount of treasury bills in dollars. With this measure, the reserves will be increased further still.

[Answer] This measure certainly entails, on the one hand, an increase in liquidity in the BC's foreign currency and, on the other, an improvement in the income return of the institutions, by replacing a non-compensated cash reserve requirement with a profitable obligation.

Insofar as the bank is concerned, it is well known that the country has a series of commitments to keep and needs to procure the foreign exchange with which to do so. Hence the measure; and it is also likely that its own foreign exchange will be used up to the margin of loss of reserves called for in the agreement with the Fund. In this way, an attempt is being made, simultaneously, not to exert excessive pressure on the exchange rate.

But this measure has other effects, improving the banks' income return, because it could be reflected in a bettering of the interest rate for attracting deposits. Furthermore, this has been one of the institutions' proposals: that of not taxing deposits in foreign currency, so as to avoid detracting from their competitiveness with other markets. And this is exactly what has been done: a non-compensated cash reserve requirement has been eliminated by means of the holding of compensated bills. Nor does it mean an upset to allocate a certain amount for those purposes; because it is a well-known fact that the banks have technical cash reserve requirements which, after all, are one of the guarantees for savers.

[Question] Now, why haven't these monetary measures which are quickly being reflected in the exchange rate had the same effect on the other prices in the

economy; because it is undeniable that inflation has exceeded the targets that had been anticipated?

[Answer] Yes, that's a fact. Inflation has exceeded what the monetary expansion has been; and has also even exceeded what the variation in the exchange rate has been this year.

It is known that all this also depends on the base which is used. If one uses the one from 1 December of last year, the results change clearly, and one notes that both the monetary expansion and the exchange rate and prices are aligned.

Nevertheless, we must consider the fact that, sometimes, a certain amount of retraction (for reasons of seasonality) in the supply of certain items with a strong effect on the market basket, such as food, pushes prices upward.

Another element that we cannot fail to consider is that, while the exchange rate has a very quick response to the monetary measures owing to the efficiency of its market, the same thing does not hold true for other prices in the economy. Obviously, when there is a monetary expansion, the exchange rate rises more rapidly than prices do. The reaction from the latter is slower; but their resistance to reduction is greater when there is a drop in the exchange rate, for example.

[Question] Do you believe that the inflation rate will slow down from now until the year's end?

[Answer] It is very difficult to make a prediction as to how prices will move between now and the year's end. What I would reaffirm is that the Central Bank will have to control the money based on the monetary rule; but what the BC cannot do is control prices. This depends primarily on the people's conduct, and the money that they want to have. If the public doesn't want to have money, and flees from it, this will be reflected in prices, despite the BC's strict monetary discipline.

[Question] Will that rule, the one that has been announced, be kept under all circumstances?

[Answer] For the present, we have no idea of changing it. Of course the monetary rule cannot be an inflexible regulation forever; and hence if it is noted that the policy is not compatible with other variables in the economy, it will have to be changed. But that would be announced and made public.

[Question] Has any provision been made to prevent the occurrence, this coming December, as last year, of a very large monetary expansion the effects of which would be felt later, next year?

[Answer] All these measures that have been adopted are aimed precisely at avoiding the repetition of that phenomenon. This is why consideration has even been given to using reserves; in other words, as part of the stipulations in the program with the IMF that I mentioned, and with the understanding that

this loss will be quickly offset by the entry of foreign exchange by way of tourism and the marketing of products abroad, such as wool.

[Question] Is the reduction in foreign currency deposits that took place in September a disturbing situation? To what was it due?

[Answer] That reduction can be explained basically by the fact that certain foreign banks encouraged their clients to withdraw deposits from the market and to make them outside the country. They did this to avoid the cash reserve requirements. But, in exchange for having transferred those deposits abroad, they received lines from agents for the same amounts; hence the country did not lose funds, but there occurred what is called a triangulation of funds. So, in this way the banks have avoided the cash reserve requirements and also the expansion of assets that the Central Bank had established for this period with Circular Letter 1158, whereby an attempt was made to have the banks form capital.

With regard to this, you should consider the fact that, in the large banks, that asset-debt ratio is 10 to 1, and here it was 20 to 1; now it has declined to 16 to 1. But even so, the banks are trying to evade the regulation.

Except for this reason that I have cited, deposits as a whole (but for a very slight, gradual decline) have shown stability. This has unquestionably been influenced by the declarations of the parties' candidates for the presidency, which have soothed the market greatly.

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CONAPRO WORKING GROUP DRAFTS DOCUMENT ON ECONOMIC GUIDELINES

Montevideo BUSQUEDA in Spanish 24 Oct 84 p 15

[Text] After a relatively short interval since the creation of CONAPRO [National Programmed Agreement], the multiparty meetings are starting to bring results; and (as occurred at another time upon the culmination of the civilian-military conclaves of the government whose mandate is expiring) its economists have given us an interesting document on goals and guidelines to serve as instruments in the economic area for the future.

Several features of the aforementioned document have already been analyzed by various specialized media (for example, on the Economic Page of EL PAIS on 20 October, in BUSQUEDA, on 17 October, etc.); which nevertheless does not mean that the topic has been exhausted but rather, quite the contrary, I am prompted to point out that the polemics have just begun, and will help the authors to ratify what has been stipulated in the aforementioned document or to correct at least part of the economic course of action outlined in the proposal. At this point, however, I don't think that the criticism that may be triggered from a technical standpoint regarding the document could concern its authors, but I am certain that it could be accepted by the voters who are not very committed politically and who may be interested in learning the potential effects of the guidelines proposed.

From the economic standpoint, the document should obviously be analyzed from two angles: in the first place, focusing on the policy lines proposed for each sector (the external, the monetary and financial, the fiscal, etc.); and secondly, with an overall focusing (or overall balance, as the economists like to tell us) on the compatibility of the simultaneous implementation of all the proposed policies to attain the goals that have been proposed: "the reactivation of production and the expansion of employment as paths leading to the achievement of a prompt recovery in the essential living conditions of the majority of the population."

When it is couched in these terms, the reader may already guess what a document such as the one that concerns us will offer for extensive analysis and, furthermore, that there will have to be extreme caution in specifying its content; because the contribution made to its better understanding by the public could evoke reactions from the latter that would not be desired by the future rulers,

and that would change the starting point at which the new economic policy now being proposed will be carried out.

The first group of "instrumental guidelines" relates to the "policies associated with the external sector." The party economists propose, among other things, for promoting exports, a "policy with a realistic exchange rate set on the basis of the differences between the variations in internal and external prices"; "selective use of financial and tax incentives"; and "the expansion of integrationist bonds." In the realm of imports, they propose the "streamlining of their overall volume and their composition, gearing them to the needs relating to the reactivation," by means of "a revision in the current tariff structure, making purchases of essential goods cheaper and discouraging the dispensable ones." Finally, they propose as policy guidelines leading to internal turnover of capital (among others) the "quantitative and qualitative control of the foreign debt" and the "elimination of the speculative turnover of capital which distorts the national economy."

The proposals relate to both the commercial turnovers of goods with foreign countries and the financial turnovers; and therefore, to complete features in the latter respect, we must supplement with what is proposed elsewhere in the document regarding the real interest rate: "the maintenance of the latter (the real interest rate) must be ensured at slightly positive levels."

As we can infer from the foregoing, the economists from the political parties propose the abandonment of the floating exchange system and the return to the fixed exchange system with periodic adjustments. Thus, they discard a system which has not worked badly in reality and which, with a given monetary policy, has greater chances than the one to be adopted of preserving the monetary authority's stock of international reserves. They abandon a system in the framework of whose effectiveness it has proven relatively easy to heighten and maintain the competitiveness of domestic production, both locally and abroad.

In addition to setting the exchange rate at "realistic" levels, a policy of financial and tax incentives is the basis for the increase in exports, according to the party economists. However, we should not forget that the aforementioned financial incentives, interpreted as being subsidies, preferential credit, etc., do not last long at present, owing to the groundrules of international trade and Uruguay's negotiating power.

Moreover, experience has proven that the expansion of integrationist bonds does not go beyond the inclusion of tariff concessions for a few products on the exchange lists with Argentina and Brazil. There is no political desire for more ambitious moves, as has been shown to us by an experience of 25 years of foiled attempts at the economic integration of Latin America. It should also be noted that, if the desire did exist, Uruguay could not only export more, but could import more as well. If, as it would appear, in this latter instance there has been an attempt to divert, toward the countries with which we are integrated, the commerce which we maintain at present with other nations, then we would have more costs in foreign currency and lower fiscal receipts.

Hence, to summarize, the future exporting strategy will be based on an exchange system with rates that are adjustable through periodic devaluations; a system of incentives which, if they become such, will be unacceptable to the importing countries and, at most, will mean incorporating a few products into the exchange lists with Brazil and Argentina.

In the area of imports, a policy of reducing tariffs on purchases of essential goods (raw materials, etc.) abroad is proposed, with an increase in those for dispensable ones (finished products produced locally, products the consumption of which is by groups with higher income and products the demand for which has a larger income elasticity than the unit). This policy, well known since the 1930's, causes a heightening in the effective protection, unwarranted transfers from consumers to producers of the goods the importing of which is replaced and a poor appropriation of the nation's productive resources.

Consumers will spend more to purchase less, which reduces their prosperity; producers will use input and other productive factors at a higher cost than the price that the good which they are making could command.

But, even worse, the heightening of effective protection depresses the real exchange rate and is overtly counter to any attempt to promote exports.

Finally, from the standpoint of the international turnovers of capital, it is proposed to eliminate the ones which are speculative turnovers. By speculative turnovers I think that they mean, generally speaking, those prompted because there are differences between the international and domestic interest rates.

If there is freedom on the exchange and the financial markets, the proposal will not succeed, because on those markets the conditions for such turnovers to occur are generated naturally. Only if the aforementioned markets are controlled would such turnovers be eliminated; although it should be stated that, in that event, unfortunately, there would be success insofar as the turnovers of capital to the country were concerned, but there would be failure, as attested (even in our country during the 1960's and early 1970's) by the elimination of the capital egress turnovers.

If the financial and exchange markets remain uncontrolled, it will be impossible to eliminate the capital turnovers that occur as soon as the anticipated income return is greater in one country than in another. This is why I can hardly see how, with freedom on the exchange and financial markets, an exchange policy of the "crawling-peg" type, such as the one proposed, could not entail positive, real, active interest rates higher than those proposed by the economists in the multiparty document. I would not consider it so difficult if, for a regulated market, they were to opt for control of the exchange market and the interest rate. In that case, however, credit would become scarce and a parallel market would be created on which the rate would be considerably higher in real terms, as has occurred in Argentina, for example; but I shall concern myself with this topic next week.

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FEDECAMARAS REPORT TO PRESIDENT UNDERLINES INFLATION PROBLEM

Caracas EL NACIONAL in Spanish 16 Oct 84 p D-1

[Text] Yesterday, FEDECAMARAS [Venezuelan Federation of Associations and Chambers of Commerce and Industry], expressed to the president of the republic the worry among business owners concerning the country's general capital depletion caused by inflation without accounted for, legal remedies; and, among other proposals, it suggested the creation of luxury taxes and a progressive individual income tax, as a means of social justice.

The top-ranking business organization submitted to the head of state at Miraflores two documents: one on the aforementioned topic and another on the non-financial sector's private foreign debt. The spokesmen were the chairman and v ce chairman, Adan Celis Gonzalez and Raul Lopez Perez, respectively.

Inflation Is 20 Percent

In the first document, a message addressed to President Jaime Lusinchi, FEDECAMARAS stated that the organization has been concerned about this very serious problem (capital depletion and inflation) for the past 10 years, when the inflation process started; and it added:

In 1977, at the time of the reform of the income tax law, it cited to the joint commissions studying the law the urgent need for establishing accounted for remedies for the distortion caused by inflation, in the proving of profits, including an article that would read:

"There will be deducted from the taxable income the amount resulting from the multiplication of the assets used to produce the income at the beginning of the year, excluding real estate and shares of stock, by the inflation rate estimated, with grounds, by the Central Bank of Venezuela, for the year"...
"In the transfer of real estate and shares of stock, there will be deducted from the taxable profit the result of the multiplication of the purchase price of the real estate or share of stock by the inflation rate accumulated from the time of the purchase until the time of the sale, based on BCV estimates."

That proposal was rejected merely with the argument that the inflation was very temporary, and hence there was no reason to legislate regarding it.

We would observe that what has been proposed operates only if there is inflation, and has no effect when there is no inflation.

The period that has elapsed has proven unquestionably that the inflation was not temporary. We have had 10 years of severe inflation which, when accumulated, has already caused injurious effects.

In Great Britain, a country in which the economic sciences have been traditionally more advanced, the then Labour government adopted legal measures to offset the distorting effect of inflation on the accounting, when inflation was fluctuating between 7 and 9 percent.

It would be the best news if we were to be told that inflation was reaching its end. That is not the case; the most likely prospect is that, in the near future, as a result of previous collective mistakes, we shall have inflations far greater than those we have had during the past few years, amounting to 20 percent and even more.

With inflations of that size, the country's general capital depletion would be very rapid. For a 20 percent inflation, all the South American countries, with the sole exception of Venezuela, have adopted measures to offset the inflation. This has not been done on the basis of a whim or disregarding the fiscal consequences. It has been done because there is nothing else to do if it is desired to avoid the total collapse of the economy.

Luxury Tax

We are aware that, in these troubled times for the country, there must be a major collective effort and sacrifice to enable us to forge ahead. We believe that there is a need for luxury taxes, and for a progressive individual income tax, as a means of social justice.

We also consider the inevitable virtual devaluation of the bolivar to be feasible, as a means for generating the funds urgently needed by the treasury, provided that, at the same time, there is a correction in the excessive, unproductive public spending. In any event, that devaluation should be the least that the current circumstances demand, and under no circumstances must it be the basis for future devaluations.

What we regard as intolerable for the country's vital interests are confiscatory taxes for the capital markets that the national economy has available.

The income tax without the accounted for remedies for inflation has become the greatest source of overall impoverishment.

As time elapses, the cumulative effect is doing more and more harm. With the rise in inflation, the solution has become peremptory. This is a problem that is hurting all branches of the economy, with equal harm to small, medium and large-scale business, whether individual or collective, and consequently to the entire Venezuelan society.

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ECONOMISTS WARN ABOUT DANGER OF SOCIAL UNREST

Caracas EL NACIONAL in Spanish 12 Oct 84 p D-9

[Text] According to Venezuelan economists, the inflationary process that is besetting economic development is increasingly reaching a state of social upheaval.

The specialists claim that the current operation of the Venezuelan economic system from the standpoint of living conditions is giving increasingly less compensation for the productive contribution from its working class.

According to the sources, a social explosion will approach more closely if the model of economic development is not corrected in both its essence and structure.

Without the proper controls over prices and with the inefficiency shown by Conacopresa in this regard, compounded by the low production and lack of quality control, we find that the consumer has no chance for defense against the inflationary spiral and the wave of speculation that always accompanies it.

Manuel Rodriguez Mena (UCV)

The dean of the UCV [Central University of Venezuela] School of Economics, Manuel Rodriguez Mena, after analyzing the problem of the generation of inflation from the standpoint of its most decisive factors, maintained that we have reached an increasingly negative economic operation on the social level which, if not corrected, will bring about a state of social upheaval.

"If this model of development (it cannot be called economic development) is not corrected in its essence and structures, a state of social upheaval appears to be increasingly less far off."

He bases the generation of the inflationary problem on two factors numbered among the most important ones: the increase in production costs due to the rise in dollar prices which made imported input more expensive, and the rise in profit rates causing prices to increase.

"This has created an atmosphere warranting the rise in prices of products, the margins of which have an increasingly more marked share of speculation. The other element, namely wages, has not risen at the same rate as prices."

He thinks that, at present, the speculative component in the price hike is decisive, and for that reason Conacopresa was created, requiring an administrative system that is not only very complete but effective for carrying out a genuine control of costs and prices.

In his opinion, the commission's inefficiency lies in the fact that the decisions on prices are made based on the arguments of its members, whereas that job should be done by a technical team that would study the costs of the means of production and other types of costs, to establish the profit margins and set the price levels. This means that it has to be technicians and not businessmen who examine the cost structure of each type of product the prices of which are being analyzed.

As for the social effect of the inflationary process, he said that, with the current general price levels, the purchasing power of the bolivar is declining every day, and wages are not being raised; therefore, the work force is receiving increasingly less compensation for its productive effort.

In other words, he explained, the Venezuelan economic system is operating in a way which, from the standpoint of living conditions, is giving increasingly less compensation for the workers' concrete productive contribution.

"In short, while the capitalist class is expanding its opportunities for prosperity, the workers who create the product are sharing less in the national product. If we add to that the generation of unemployment, we could claim that we have arrived at an increasingly negative model of operation on the social level which, if not corrected, will lead to a state of social upheaval which appears to be increasingly less far off."

Pedro Miguel Pareles (UCV)

According to economist Pedro Miguel Pareles, the rise in prices and the drop in production are affecting the sectors with the least income.

In view of CONACOPRESA's ineffectiveness, it appears preferable to him to have a complete decontrol of prices, "rather than the decontrol pretended by the government."

Pareles explained his categorical opinion, stating that in this way the consumer would have the expedient of reacting to the dealer and appealing to his ethics, whereas the the government's price "controls," carried out via the commission, there is no valid appeal on the consumer's part.

"If we add to this the low production and the fact that there is no quality control of goods, the consumer is left without any chance for defense. Furthermore, it seems to me that inflation will be possible to correct only through a rise in productivity; without this, there is no law nor commission that could restrain it."

He noted that there is a twofold effect on prices: the rise in dollar prices on the one hand and, on the other, the decision to increase prices to give

business owners incentives; and, as a result of all this, the workers' wages are deteriorating. In addition to the marked increase in the cost of living, he remarked, there is the unemployment problem and the fact that the entire national income originates in oil production, without adding the phases of processing, distribution and consumption of hydrocarbons to generate development.

"The nation's budget and plans and the country's economic activity itself take into account only the phase of crude production, and disregard the three other phases which generate far more economic aggregates than those generated by production. This has been proven in the countries importing Venezuelan crude, whose technology and economic aggregates are greater. With those phases, there would be more labor, and more banking, agricultural and industrial activity, and hence more wages and salaries, and larger demand and consumption."

Trino Diaz (UCV)

The first comment made by the former dean of the UCV School of Economics, Trino Diaz, was that the budget submitted to the legislative chambers for consideration is inflationary, because it increases the recurrent expenditures of the state's bureaucratic machine and the investment spending, totaling 19.71 percent, the second lowest figure during the past 40 years.

"Combined with this are the increases that are occurring in the prices of most of the products for intermediate consumption, and also those of goods which are of prime necessity, by high percentages, such as those for milk. All of this has caused the prospects of a rather severe inflation to appear (as is happening), without any indication of a compensation for that increased cost of living with a raise in wages."

He remarked that inflation benefits only the business-owning sectors, which will accrue inflated profits; and that corrective measures should be applied to this situation, such as a general increase in wages and salaries by a proportion that would take into consideration the deterioration that they have undergone in recent years, and that would make it possible to exceed the rate of increment estimated for next year.

"In that way, it would be possible to prevent inflation from reaching figures that could lead to serious social maladjustments."

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AGENTS TO SPREAD GOSPEL INSPIRED BY POPE'S MESSAGE IN PUEBLA

Caracas EL DIARIO DE CARACAS in Spanish 14 Oct 84 p 15

[Text] Among many sectors in the country, the term "evangelization agent" used by the National Mission to describe Catholics (many of them very young boys and girls) who are preparing to carry the word of God to the entire Venezuelan territory is not clearly understood.

First, the term "agent" sounds as if it is being used in a new way and, secondly, some are confused about what evangelization entails. The the matter is a very simple one. These are baptized persons capable of exercising a leadership as leaven for Catholic training. The majority are lay people, that is, ordinary believers who, spurred on by the world situation, are offering, in their parishes, and professional or social groups, to carry out a catechesis endeavor for which they are being prepared.

Large sectors of the laity (the ordinary believers) who have no other commitments stemming from their membership in the Church through baptism, are becoming aware not only of their Christian calling, but also of the mission assigned to them in conjunction with the call to faith. Many of them are aware of the inconsistency that exists between doctrine and life, and between faith and action, as part of a way of accepting life which places more value on having than on the person's being per se.

From among these sectors awakening from an age-old dream, thanks to the activity of the hierarchy, there have emerged those thousands of agents who will be that leaven which, with the richness of doctrine, will be ready to convey, starting on 1 November, the official date of the opening of the National Mission, a new life style more in keeping with the requirements of the Gospel of Jesus Christ.

The doctrinal guidelines approved by the Venezuelan Bishops' Conference (CEV) will constitute the guidance for these new trainers who are becoming incorporated, en masse, in the Church's traditional teaching mission. A collection of subject matter on man, Christ and the Church, inspired by the format of Pope John Paul's opening speech at the Puebla conference, will be presented. It is a summary containing the principal truths of faith and the moral and social doctrine of the Church. Throughout coming months and in these pages, we shall continue offering some depictions of that trilogy constituting the basic program of the evangelization agents.

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